FUTURE OF HR

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FUTURE OF HR

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SKILLS GAP

Need to upskill is an uncomfortable truth

Human resources leaders must equip themselves with new skills so their voice is heard by the board

PETER CRUSH

When Professor Vlatka Hlupic has something to say about human resources, it's generally worth hearing, even if it's uncomfortable.

According to the professor of business management at the University of Westminster, who was recently voted among the world's most influential HR thinkers: "The trouble with HR is that it's been a profession long based on process, where the skillsets required have been very people, typically psychology, orientated.

"But, while it's served the profession to date, now there are core skills needed that are far more critical – those underpinning more strategic insight – yet they're also the skills the average HR director just doesn't have."

As put-downs go, it's withering. Some might say it's a criticism that isn't entirely new. But what's definitely concerning is the fact it's still being talked about, because it can only mean one thing: HR professionals just haven't done much about it.

This is not good news. With the pace of change demanding greater analytical and data-driven approaches to human capital management, the range of skills HR directors will need to demonstrate will only increase.

But, as the core conclusion of the recent KellyOCG report *Agility + Ability to Enable Business Growth* revealed, the main limiting factor organisations face is "a lack of understanding of the talent strategies required to enable agility, together with empowerment of HR leaders to step up to a more strategic role and drive change with the C-suite". In short, HR directors aren't equipping themselves with the right tools to deal with the new problems they must solve.

While some HR leaders are clearly more strategic than others, claims of an HR skills gap are never far away. "The operational side of HR always takes over," says Jo Taylor, former director of talent management at TalkTalk, now managing director of Let's Talk Talent. "There is a tendency to stick to operations because it feels safer, but the fact is HR directors need to break out. They need a stint in the business to understand the true value HR adds."

Peter Dazeley/Getty Images

So serious is the issue that Ms Taylor believes HR needs "a complete rebrand" to ensure it's a profession that attracts the best talent, rather than those who "fall into it".

Devyani Vaishampayan, former global head of HR at Rolls-Royce, recently set up angel investment firm The HR Tech Partnership specifically for HR leaders to learn to talk the language of chief finance officers.

"HR directors need at least an MBA qualification or above," she says. "It's only this which prepares them to think confidently about strategy, while equipping them with commercial acumen to present a business case for a particular course of action.

"They can no longer be sympathetic listeners. This type of HR director will always play a support service role and the HR department will never realise the impact it could potentially have."

Robert Hicks, HR director at Reward Gateway, adds: "It's not that HR directors don't realise this. For HR to remove its invisibility, it needs to be part of the boardroom, but there's also an issue of whether the business will allow HR to do what it needs to do. It's chicken and egg."

65%

of HR professionals think technology will improve their job prospects in the future

74%

believe it's their own responsibility to update their skills rather than relying on any employer

PwC 2017

Toby Burton, head of the HR practice at executive recruitment firm Eton Bridge Partners, says: "While there's certainly frustration there isn't enough readiness among HR directors to operate in a digital world, as long as candidates demonstrate subject-matter expertise, additional skills like data skills are not yet a prerequisite.

"I hear some people say HR directors don't need data skills, just people around them that do. But I believe it's all about the department they want to create. If they want to 'own' analytics, they need to take control of it and upskill themselves appropriately."

The easy target might be to criticise the body responsible for developing future HR leaders, in this case the Chartered Institute of Personnel and Development (CIPD).

But Mr Hicks has a different view. "I think the CIPD actually does a good job," he says. "Its qualifications are degree-equivalent/masters level and you have to remember that for the 95 per cent of people who won't reach, or don't have the desire to get to, HR director level, this is sufficient."

This week sees the CIPD's annual conference and tomorrow it unveils a new *Profession Map* aimed at arming members with new knowledge and behaviours to make greater future impact.

CIPD professional development director Victoria Winkler says: "We're extremely conscious that the nature of work is changing and best practice alone won't get the profession to where it needs to be. In possibly our biggest overhaul in the last 15 to 20 years, we've consulted with around 19,000 people about what new skills the profession needs."

Ms Winkler confirms that elements of the new roadmap will be incorporated at all levels of the CIPD's qualifications.

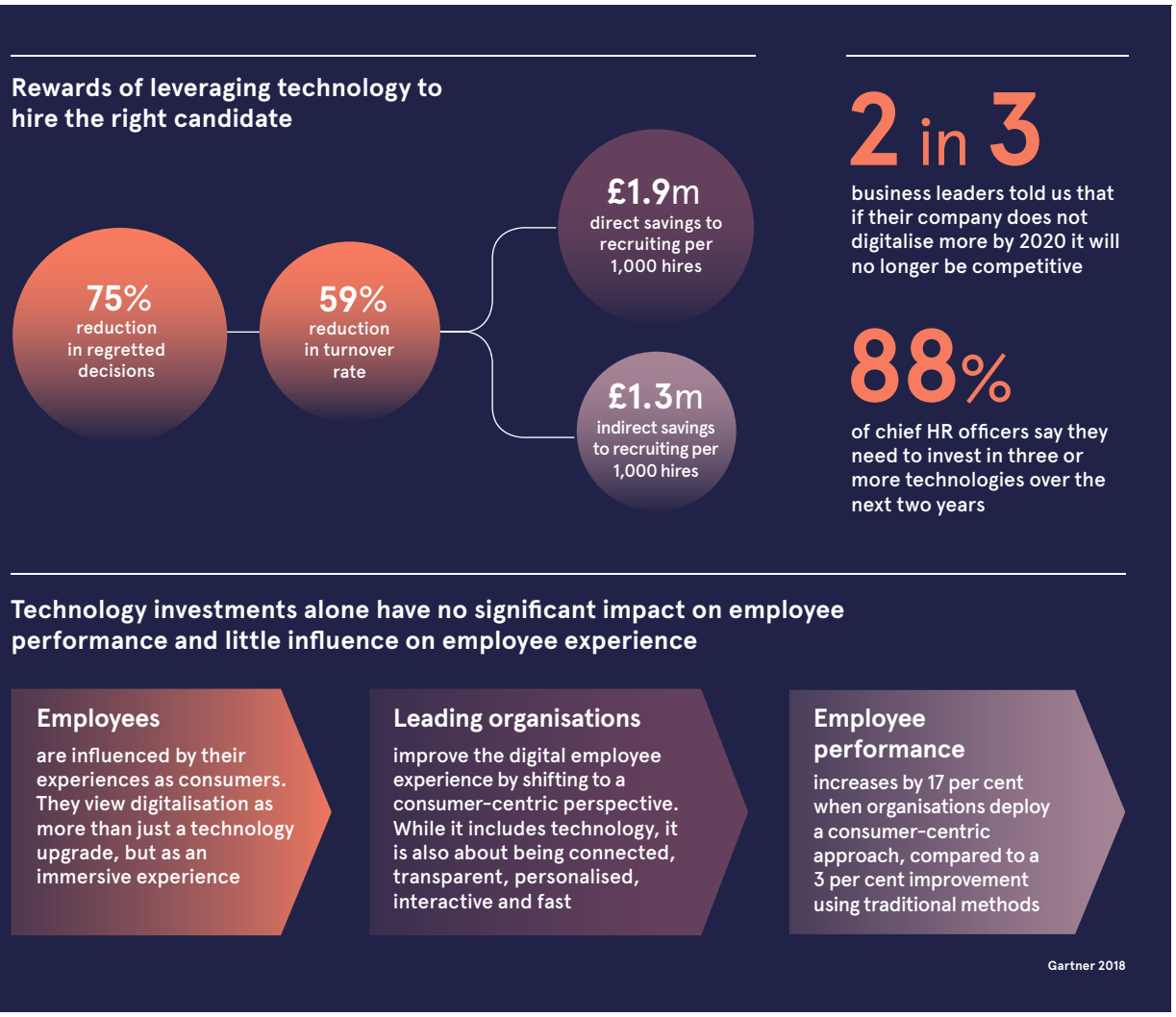
The big question, of course, is whether this will be the catalyst to kickstart real changes of behaviour. Maybe a bigger question is whether HR professionals are willing to take up the challenge.

On this though, Professor Hlupic is clear. "HR has traditionally been taught transactional management concepts," she concludes. "The time has come for a new paradigm shift. The time has come for HR to be a business associate, not a subordinate." ◆

Commercial feature

Q&A HR at the heart of digital transformation

Dr Brian Kropp, group vice president of Gartner Research & Advisory, explains the major opportunity for human resources to lead from the front on digital transformation, and shares examples from top organisations that are already embracing the challenge



Q Where do you see the biggest challenge for heads of HR?

A The challenge is coming from digitalisation. That's true for all roles in today's organisation. In a recent survey, two thirds of business leaders told us that if their company does not digitalise more by 2020, it will no longer be competitive. But in HR, digitalisation is changing everything, from core functions like the way we hire and develop talent, to introducing new burdens such as raising performance. We found that 88 per cent of chief HR officers say they need to invest in three or more technologies over the next two years. It's a huge undertaking and it's no surprise many executives feel completely lost.

Q How is the way we hire changing and what is the cost of getting it wrong?

A Let's start with the applicants. In theory, this is a golden age for applicants. Unemployment is at a record low, around 4 per cent in the UK and United States, and candidates are overwhelmed with opportunities. But dig a little deeper and the picture is more complex. Candidates struggle to identify which jobs to apply for. They are overwhelmed with options. When they research positions online, they trawl through unfocused information. Digital forms make it easy for huge numbers to apply, so candidates wait longer to hear back from employers. The result is low engagement and regret on both sides. One third of new hires regret their decision, up by half in ten years. This is painful for HR departments as the cost of hiring is up 18 per cent in two years.

Q How can investing in technology improve hiring?

A When you understand the causes of the problem, you can build targeted solutions. Since candidates are overwhelmed with information, some pertinent and some not, address this first. Offer clear information online about the role and the company, including the good, the bad and the ugly. That will filter out unsuitable and uncommitted candidates. Change your interview process to identify those most committed. Hotel chain Hilton automated its screening process to find passive signals of candidate interest. These are things the candidates are unaware of. At the heart of the process is an algorithm Hilton's HR team built to identify top candidates, based on gathering data from high-performing employees. They can filter applicants at the front end and focus on the best ones. When you supply focused information, and intelligently guide candidates via digital techniques such as this, the number of regretted decisions decreases by 75 per cent. That's a terrific improvement.

Q What impact can technology have on employee retention rates?

A Technology can intervene to improve the way employees work. In fact, we know from earnings call transcripts that chief executives now expect HR to actively find ways of making employees happier. Currently only 29 per cent of employees believe HR helps them perform better. Clearly there's a lot to do. Leading organisations are tackling this by using digital monitoring to identify how employees are feeling. Internal chat platforms such as Jabber, Yammer and Chatter are a goldmine. Scan these conversations to find out if IT is too slow to respond to queries or if there is frustration with a certain process. Then HR can fix it. So long as there is transparency over the policy, digital monitoring, or listening, is a great way to improve employee productivity and satisfaction, driving up retention.

Q Do some HR professionals feel digitalisation is outside their remit?

A There is a reluctance to modernise. That's natural as changing is hard, but there's no alternative. Traditional HR methods are failing. Until recently, nine out of ten organisations used annual employee surveys to monitor opinions. These surveys are expensive and slow, and the information is often collected months after an issue was live. Why not experiment with cutting-edge solutions? Data-scraping can provide rich insights into employee behaviour. Employee location data can tell you where people are moving around the office and how office space can be optimised. Other more disruptive technologies such as the use of facial monitoring has potential; imagine a computer that tracks your emotions or a desk that understands your physiological markers and advises you to take a break when your temperature is rising. "Nudging" technologies like this can actually make us healthier. I've even seen two companies microchip employees.

Q Tell me about the role of line managers in the digital age.

A Being a manager in today's workforce is tough. Managers have too many employees to look after; the average number of direct reports has increased by 50 per cent in a decade. And managers have reduced visibility on how employees are spending their time as roles have changed too fast. Only 18 per cent of employees say their manager understands what their day-to-day work looks like. Our research has found that the best managers are those who can provide targeted feedback and coaching based on an employee's needs, but also recognise when they need to connect employees to other individuals and opportunities for the right kinds of development. A "connector manager", as we call it, actively connects employees to the right kind of coaching and development opportunities, instead of trying to do it all themselves. Ultimately, this management style has a greater impact on talent outcomes, increasing employee engagement by up to 40 per cent, their likelihood of staying with the organisation by up to 20 per cent and can even make employees more likely to go above and beyond at work.

Q How can HR connect investment in digitalisation with business outcomes?

A The market for HR technology is lively, with thousands of vendors competing for attention, and it can be difficult to cut through the noise to identify what new HR technologies would be most beneficial. However, HR leaders play a critical role in ensuring that digitalisation is not only about technology. Technology is a key component, but investing in technology alone has no significant impact on employee performance or satisfaction. Leading companies are pursuing digitalisation as an experience for employees. While it includes technology, it is also about being connected, transparent, personalised, interactive and fast. All these components together create a consumer-centric, digitalised experience. Ultimately, digitalisation is a revolutionary force in HR. If you don't adapt, you will find hiring costs soaring, retention falling and productivity flat-lining. But if you can identify the challenges and deploy digital solutions to each issue, the potential for improvement is sensational. It's an incredible time to be in HR and I'm hugely optimistic about what can be achieved.

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Priscilla Du Preez on Unsplash

OLIVER BALCH

When you walk into a high street store or click through to an online retailer, it is unlikely you arrived there unprompted. If you return, it is a dead cert that someone directed your steps.

In recent years, providing a positive consumer experience has become everything for brands, from the first pop-up ad shoppers see to the after-sales service they receive. So is it time human resources professionals started taking a leaf out of their book?

If the latest employee engagement statistics are anything to go by, the answer is a resounding "yes". According to a worldwide study by pollster Gallup, two thirds (67 per cent) of employees are disengaged. In other words, they give their time, but not their best.

"We have a lot to learn from how we approach consumers in a sales and marketing sense to how we should be listening to and understanding employees," says Rob Catalano, co-founder of the Toronto-based employee engagement specialist WorkTango.

But how? Mr Catalano suggests two quick-fix changes. The first is to ditch annual staff surveys. No marketing executive worth their salt would poll their customers once a year, provide zero feedback and then act on the information many months later. Yet, with annual work surveys, this is what HR teams are doing all the time.

Instead, organisations should be seeking out employee opinion on a far more frequent basis. WorkTango, which counts footwear brand Deckers and GPS solutions firm Trimble among its clients, provides a software tool that enables team leaders to track employee sentiment in almost real time.

"There's a large consultancy we work with, for example, that is pulsing employees every two weeks. They ask four or five questions and then use that information to deal with smoke before fire," Mr Catalano says.

Second, employers need to "get employee specific". As with customers, workers are not all the same. Accommodating differing needs and aspirations is therefore vital. In Mr Catalano's view, the best way to achieve this is tailoring employee feedback mechanisms to individual divisions and teams.

> We have a lot to learn from how we approach consumers in a sales and marketing sense to how we should be listening to and understanding employees

"That way, leaders are getting the voice of their employees and understanding what their sentiment really is, which helps facilitate conversations, address problems and generally create a better working environment," he says.

Another key lesson revolves around the employee experience. HR professionals are notoriously adept at creating processes. Want time off to visit your sick aunt, there's a system. Worried about your pension rights, fill in the form.

But what a customer-centric strategy teaches is that experience trumps processes every time. Keep shoppers waiting or forget their particular preferences and they have no qualms about walking out the door. In a tight labour market, don't bet against your workforce not doing the same.

Oracle UK is one of many companies trying to get better at seeing work through employees' eyes. To that end, it has developed a "journey mapping" approach that looks at people's ongoing interactions with a firm and asks how they feel at every stage.

Andy Campbell, Oracle's head of strategy for human capital management, gives the example of recruitment. He cites a retail bank that immediately gives a job offer to those who successfully interview for work in its contact centre.

"Rather than call them back in a month's time, they offer them a contract there and then. That's what I would like as a consumer. To go to a job interview and get a job offer. What's better than that?" he asks.

In a similar way, employers are increasingly using video to help potential recruits envision what it feels like to work for them. Illustrative examples of the tactic range from trendy tech firms like DropBox and Go Pro through to charities such as WWF and the Animal Humane Society.

This trend points to a wider lesson around the use of digital technologies. Workplaces, a popular quip runs, are where modern technologies go to die. "That is just wrong," says Mr Campbell.

Outside work hours, employees are consumers like everyone else. Clicking online for product reviews or searching for videos on how to fix something is now second nature. Yet at work, thick instruction manuals and week-long training courses remain the order of the day.

"In their workplaces, people want and expect the same kind of capabilities and experiences. And if they don't get that, then they are going to be disillusioned and disenfranchised," he says.

While the parallels between the customer and the employee experience are multiple, the correlation is not perfect. For one, there is a huge mismatch of resources. Marketing budgets are multiple orders of magnitude greater than those available to HR.

Another major sticking point relates to control. Unlike the consumer experience, which can be effectively ring-fenced by marketing and sales functions, the employee experience is far harder to tie down, according to Jo Moffat, founder of the employee engagement agency Woodreed.

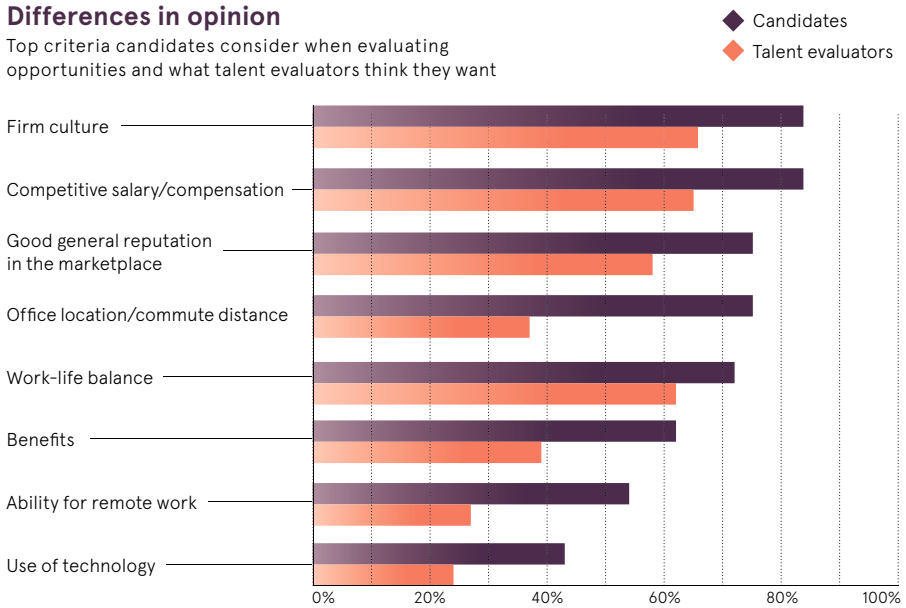
Take communications. While marketing departments will always write customer-facing content with a consistent voice, internal communication is all too often a free for all.

"You might have facilities management writing something about the canteen, someone from the finance department writing about pensions and so on. There's a whole raft of voices, and by and large they are inconsistent," she says.

Yet the premise that HR professionals have much to learn from their consumer-oriented colleagues remains sound. Employers do not need to cater to their workers' every whim. But they do need to think harder about their everyday experience of work. If not, then don't be surprised if employees start shopping around. ◆

Differences in opinion

Top criteria candidates consider when evaluating opportunities and what talent evaluators think they want



Mercer 2018

FOUR-DAY WEEK

Is an extra day off good for business?

The pros and cons of a four-day working week fuel a heated debate, which can split or unite bosses and staff

Photo: Gomez Angel on Unsplash

ANNA CODREA-RADO

The prospect of a three-day weekend is music to the ears of most employees.

Shortening the working week to four days is championed by the Trades Union Congress. In an ambitious report, the TUC argues for productivity gains from technology to be shared with workers, and sets out steps that would lead to shorter hours and higher pay.

"I believe that in this century, we can win a four-day working week, with decent pay for everyone," says TUC general secretary Frances O'Grady.

When it comes to employees, the appeal is clear. Less time in the office means more time to spend with family and on maintaining a healthier work-life balance. Employers are now also seeing value in working less, as a growing body of research suggests a four-day week is good for business.

A recent experiment in New Zealand, at a wealth management firm, trialled a four-day week over a two-month period. Some 54 per cent of staff felt they could effectively balance their work and home commitments, while after the trial this number jumped to 78 per cent.

"Recent evidence has shown that four-day weeks can reduce employee levels of stress, enable them to be more absorbed at work and make more efficient use of their work time," says Shainaz Firfiray, associate professor of organisation and human resource management at Warwick Business School.

Dr Daniel King, professor of organisation studies at Nottingham Business School, agrees. "Some of the experiments that have taken place so far indicate that by only working four days employees can have the same level of productivity as they are more focused and make better choices about what they work on," he says.

A four-day working week might be the solution to presenteeism. "Without structured initiatives to ensure the proper work-life balance is adopted by staff, there is a real danger that this can lead to sluggish productivity and impact the quality of work as staff come under undue pressure to deliver," says Peter Clark, co-founder of Qlearsite, a human resources analytics company.

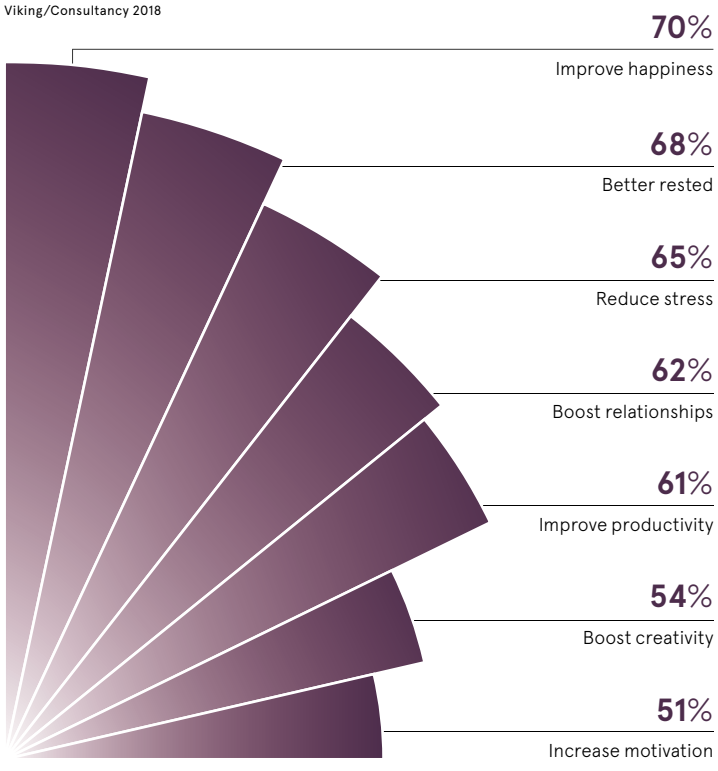
The ripple effect of this is an improvement in recruitment. "British workers value work-life balance over any other aspect of a job," says Martin Talbot, group marketing director at Total Jobs. "Offering a shorter week could well be the difference in securing the best talent."

Some UK companies have already shifted to a four-day week. Gloucester-based public relations agency Radioactive recently introduced the model without cutting pay after a successful trial run. Rich Leigh, the agency's founder, says: "I've never wanted a single member of the team to be flat-out, instead opting to give people enough time and space to be at their best."

Top expected benefits of reduced working hours

Survey of full-time employees in the UK

Viking/Consultancy 2018



For

Working four days a week sounds like a dream job, but in reality it's just wishful thinking.

While reducing working time might be a popular idea among employees, the reality of implementing it without a detrimental impact on productivity remains an unknown. Experts worry that shortening the working week will result in compressing existing hours into fewer days, so a four-day week could mean a ten-hour day.

"Trying to squeeze a full standard working week into four days could negatively impact morale and productivity," says James Lloyd-Townshend, chief executive of Frank Recruitment Group, adding that even if a week did reduce from 40 hours to 32, this wouldn't necessarily have a positive impact.

"If people know they have less time to get work done, this could mean they cut out procrastination and really focus on the work in front of them. However, it's just as likely that this could leave people stressed out and time pressured."

Experts have raised concerns that a four-day week is being held up as a trendy solution without sufficient data to back it up. The New Zealand experiment by a wealth management firm attracted a lot of buzz around the idea, but while it found quality of the work didn't dip, it also concluded that it didn't improve either.

Overlooked in the debate is the need to acknowledge a significant shift in work-life preferences among a modern and highly skilled workforce. "A four-day week proposal is a regimented approach that goes against the grain of what the majority of employees are really seeking, which is true flexibility," says chief executive and co-founder of Worksome, Morten Petersen.

Instead of a four-day week, some experts are calling for flexible working time. "One of the dangers of focusing on the number of days per week is that it doesn't focus on the number of hours people are working," says Stuart Hearn, chief executive of Clear Review. "We need to think about the nuances of what we're trying to achieve; it might be optimising hours per week, rather than optimising days."

Fuze, a business communications company, carried out research into this idea and found that having set working hours, whether over four or five days, is not an effective business model. When asked to select their preferred working hours, 39 per cent of workers said they would choose to start work at 7am, as they believed an earlier start would improve their productivity. The research also found that nine out of ten workers want a job that offers flexitime.

"Instead of enforcing yet more restrictions, businesses should allow staff to work when they are most effective," says Bradlee Allen, product evangelist at Fuze. "True flexibility will not only increase productivity, but it will also make workers feel engaged, motivated and valued." ◆

Against

HR: Siemens' key driver for an agile organisation

VUCA: volatility, uncertainty, complexity and ambiguity. Few acronyms so perfectly, and so atmospherically, sum up the challenging and complex forces facing businesses today

Sebastian Hubert
Senior HR business partner
Siemens, Power and Gas

Adaptive cultures, speed of innovation, collaboration, mastering unpredictability; these are the factors most critical to business success. But while others might only just be starting to respond to this, Siemens, a global engineering powerhouse and digital pioneer focusing on electrification and automation, is meeting the challenge head on.

For the 370,000-employee corporation working in more than 200 countries, Siemens needs to ensure the adaptability of its workforce. To help achieve this goal, the company has rolled out a revolutionary applicant tracking system, across 100 countries and in 20 different languages, that has fundamentally changed the way it recruits new colleagues.

Working with technology partner Avature, this new approach takes into account the experience of every stakeholder, from recruiters and candidates, to hiring managers and talent acquisition leaders. Uniquely, it does this by introducing a completely new way of working, using an agile methodology as its basis.

Sebastian Hubert, senior HR business partner of Siemens Power and Gas, and former global head of strategy and technology for its talent acquisition team, says: "A recent report by Deloitte found 94 per cent of both business and HR leaders rate 'agility and collaboration' as critical to their organisation's success. That's why HR has to lead by example when it comes to working agile.

"We need to recruit more than 35,000 hires a year, so we knew we had to do things very differently. Revamping our technology landscape is one way we are answering this, forming a software-as-a-service, or SaaS, cloud-based solution partnership on a tight timeline of just 14 months."

Running projects with an agile methodology is one way HR "answers a corporate problem with a non-corporate answer", says Dr Hubert. Two factors in particular have made this project a game-changer for Siemens. The technology itself has been a key component for Siemens' HR departments, enabling the business to make huge strides in the way it interacts and hires talent. But beyond that, it's the agile way of working that facilitates and enables a new mindset capable of making a big difference in the wider organisation.

Dr Hubert says an additional, greater benefit is the way in which agile technology projects are now transforming HR and the organisation, to create teams that transcend traditional roles to achieve exceptional results. His talent acquisition team members were motivated by working on short-term, digestible pieces of work, known as sprints, which enable the business to operate at the necessary fast-paced speed required by a VUCA environment.

"Most HR organisations are on a transformation journey towards revamping their technology landscape," he says. "With this we, as the HR function, are reaching a large group of employees, both within projects and using the technology. As such, we have the chance to substantially change our employees behaviors. Running projects in an agile way is a totally new approach that is creating a sustainable impact for our business."

Siemens began its agile talent acquisition project as part of an overall HR technology transformation just 14 month ago. While other technology projects tend to overload development teams with too much too soon, Siemens designed a "minimum viable product" approach to focus on the 80+ per cent that is vital and necessary for a fast release, rather than striving for an all-encompassing, 120 per cent solution that takes too long to get to market. Organisations should adopt this approach to meet the speed of business. Technology development needs to be seen as a journey: a constant cycle of iteration.

And, almost as quickly as it began, the wider benefits of employee empowerment began to reveal themselves. "We really focused on staffing the project with people with the right mindset rather than the 'usual suspects'," says Dr Hubert. "As a business, we're always looking for dynamic, strategic people, capable of thinking of the greater good of the organization, while also able to roll up their sleeves to get the job done.

"When we apply a more agile mindset, we can see how it creates a sense of ownership and how ownership creates trust. Trust is absolutely key when your strategy is to take decisions in a more decentralised, non-hierarchical way.

> It's the agile way of working that facilitates and enables a new mindset capable of making a huge difference in the wider organisation

"What we've implemented is not only technology that provides a best-in-class recruitment tool, but a partnership approach with Avature, where it too is part of our empowered team, able to influence major decisions and capable of pushing each other forward.

"We knew we could reverse any major decisions quickly because we were working in sprints and because our agile partner Avature provides us with a very flexible technology solution that is adaptable and can be quickly tailored to our changing needs. We want to recruit outstanding talent as fast as possible without the usual business approval processes. So we actually designed our applicant tracking system, or ATS, together with Avature in a very slick and lean way."

Dr Hubert knew it was a calculated risk. "Not having internal approval processes built into the tool, and giving up control is unusual for an organisation as big as Siemens," he says. "But our top management backed the approach because they knew we could adjust anything we needed to with Avature."

Not only this, Dr Hubert is certain agile projects have heightened both the visibility and strategic relevance of the HR function. He says: "We have a positive story from an HR-tool perspective, but undoubtedly all this changes the perception of HR. When you live agile HR, and you can credibly talk about running agile projects, you can truly partner the business on its way to an adaptive culture.

"Last but not least, I am immensely proud of the team who made this project happen; a team who went above and beyond the call of duty every day. It is amazing to see the personal development the HR team members have been through and how it has propelled their careers. I've witnessed HR colleagues who have developed from purely operational recruiters into strategic talent managers."

In other words, this transformation isn't just changing the way we source internal and external talent, but the mindset of HR as a whole is changing. As Dr Hubert concludes: "HR is working much more in tune with our strategic business goals. Our message to all our HR colleagues is this: use every opportunity you have to raise the bar and lead organisation change through agile projects towards an adaptive culture. You won't be disappointed."

For more information about Avature ATS please visit www.avature.net

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The never-ending story of change

Ubiquitous, mobile supercomputing. Intelligent robots. Neuro-technological brain enhancements. Genetic editing. As dramatic shifts in the ways we live and work continue to evolve, businesses are struggling to take their workforces with them on their own transformation journeys. Ironically, technology can be key to unlocking hearts and minds

Until now, many businesses have been competing and measuring themselves on the success of their customer experience, but the lines between the customer and employee experience are blurring. As innovation drives increased competition and decreased windows of opportunity, competition for talent remains fierce and productivity continues to be a major factor on the bottom line.

Combined, these factors have resulted in the employee experience fast reaching parity of priority in the boardroom. While the latter covers every imaginable contact between an individual and the organisation in which they work, their exposure to change and how they experience it is a central piece of the puzzle.

Stories of well-respected, global organisations that have failed to deliver the expected levels of growth following large-scale business transformation projects are well documented in the business press. According to Forbes, 84 per cent of companies fail in using transformation to deliver growth in the digital era.

Most have several things in common: lack of alignment to business purpose, inflexibility, an absence of data-led decision-making, and misalignment between human experiences and expectations. The need for speed; to accelerate transformation programmes in response to changing market demand, also increases associated cyber-risks. This makes enterprise-wide alignment even more important.

"Technology is exponentially increasing the speed of change as we experiment with and adopt new forms, models and experiences that are functional, convenient, intuitive and efficient," explains EY's Europe, Middle East, India and Africa workforce advisory leader Anna Kahn. "As adaptive humans, we clearly know how to transition from threatening conditions towards favourable ones, yet the ever-increasing demands from markets, business and workplace mean traditional change efforts are falling short."

73%

of business leaders say that having a well-integrated purpose will help their company navigate disruption

EY Beacon Institute

Companies that embody purpose have produced some compelling results

1.4x
more engaged
The Energy Project, 2013

1.7x
more satisfied
The Energy Project, 2013

3x
more likely to retain their employees
Edelman 2013

10x
better performance than the S&P 500
Endearment, 2007

Too tired to try?

Fatigue from constant change is so widespread that the topic even has its own Wikipedia entry. Successful change journeys work because they engage both heart and mind by balancing the "hard" business key performance indicators with crucial "soft" success factors, using empathy and purpose-led approaches to increase employee engagement.

"Everything we do is designed to support our clients and their people in maintaining their energy levels as they navigate complex, continuous change and realise the associated benefits," Ms Kahn says.

In a break from traditional approaches, EY's Change Experience combines analytic tools and detailed empathetic listening to give its clients the deepest insights into their workforce and culture. The approach is based on four principles:

01 Purpose

A well-defined purpose acts as the North Star and litmus test, maintaining focus on programme goals and meeting the basic human need to feel part of something meaningful. Not only does this appeal to the core values of younger generations, but it also acts as the glue that holds together workforces that are increasingly made up of a patchwork of different working patterns, including contingent and flexible workers. According to Ms Kahn, beginning with the "why" in everything that EY does sets the most powerful course for all change programmes.

> **"The way we take people and organisations through the change experience is deliberately different, personalised and immersive**

02 Insight

According to a recent Gartner study, more than 90 per cent of organisations have not yet reached a transformational level of maturity in data and analytics. EY's Change Insights tools enable the delivery of the firm's Change Experience and help companies to bridge the gap in their own analytic capabilities, capturing volumes of near real-time data on employee sentiment, behaviours, involvement and readiness. Teams then use this data to provide actionable, analytics-driven insights and recommendations in easy-to-use interfaces that help businesses to identify when a programme is on or off track and target personalised interventions accordingly.

03 The personal

While exploring the impact of investments in employee experience, Forbes reported that experiential organisations had more than four times the average profit and more than twice the average revenue compared with their peers. Programme leadership typically underinvests in user insight, believing they already know their users. However, employees increasingly want the same personalised experiences in the workplace that they have as consumers. EY's approach is focused on creating representative profiles of real employees combined with current and future-state journey/experience mapping.

04 Immersion

A deliberately different, interactive and collaborative approach to engaging workforces is designed to create enthusiasm, involvement and engagement. "We remember moments; those experiences that cut through the daily clutter," says Ms Khan. As part of the EY Change Experience, the firm uses signature interventions and delivery techniques to engage and inspire. "The way we take people and organisations through the change experience is deliberately different, personalised and immersive, and designed to drive faster business adoption and a better return on investment," she says.

Insights into action

No matter the starting point, be it seeking to place, enable or motivate a workforce, to change behaviours or adopt new ways of working, EY's Change Experience framework connects performance against the change metrics that matter to drive required business outcomes. "We work collaboratively with our clients to deliver a consistent change experience that can flex to the unique needs of each transformation programme," says Ms Kahn.

Anna Kahn
Workforce advisory leader
Europe, Middle East
India and Africa, EY

Ultimately, the business case for committing to a sharper focus on change experience is that the time gap between investments and the evidence of bottom line returns can be narrowed considerably. It's an opportunity with obvious appeal and, by using data intelligently, it can become a measurable reality.

To find out more about Change Experience please contact anna.kahn@uk.ey.com

EY
Building a better working world

RETENTION

XanderSt on Shutterstock

It's now time to rethink staff turnover

Whatever the job market, enlightened employers will want to retain top talent and develop their skillsets

CATH EVERETT

Despite a widespread perception that employment is more precarious and workers, particularly of the millennial generation, are increasingly job-hopping, the statistics tell a different story.

For example, when US-based Pew Research compared what percentage of 18 to 35 year olds from different generations stayed with their employer for 13 months or more, it discovered that 63.4 per cent of millennials chose to do so in 2016 compared with 59.9 per cent of generation X in 2000.

Indeed, Stephan Bevan, director of employer research and consultancy at the UK's Institute of Employment Studies, believes the core labour market has stayed "remarkably stable", even if certain "bits around the margins" are less secure than they were.

According to his data, the average time that an individual spent in a job in 1994 was 7.9 years, while two decades later the figure had risen to 8.2 years, partly as a result of the ageing workforce.

Moreover, between 1996 and 2016, the number of people in permanent posts remained steady at 79 per cent of the working population, while those in temporary work fell from 6.4 to 5.1 per cent. Self-employment levels rose from 13.4 to 15.1 per cent and the number of gig economy workers now stands at 4 per cent, with no comparable figures available.

"There's a persistent narrative that job tenure is now more precarious and fleeting for most of the workforce, but the data doesn't bear that out," Mr Bevan says. "It's true that younger people with less experience are finding it more difficult to settle into jobs that match their skills, but for the great mass of people who are older, things have stayed quite stable."

He points out that while a graduate may have found a position to match their qualifications after taking one or two jobs 20 years ago, today it is more likely to be their third or fourth.

Robert Ordever, managing director of workforce culture specialist O.C. Tanner Europe, agrees. While he too believes that younger generations have always job-hopped more than older colleagues, what has changed is "their expectations of what makes a great workplace, which is very different to a few years ago", he says.

According to the O.C. Tanner Institute's *2018 Global Culture Report*, creating a positive employee experience is not simply about providing a job for life. Instead it involves ensuring that each individual feels a sense of purpose and is offered suitable opportunities to help them achieve success. It is equally important for staff to feel appreciated as this boosts their sense of wellbeing and confidence, and encourages them to adopt a leadership role.

"If you ask people why they've changed jobs, they won't say it was for money or a promotion," Mr Ordever says. "These days they have a deeper appreciation of what a positive workplace looks like and are no longer afraid to say what they want; so they're not less loyal, they're just more demanding."

But while these kinds of attitudes may initially have been driven by the millennial generation, they have now permeated across the age range. This means staff members, irrespective of their generation, expect more from employers than previously.

At the same time, progressive human resources departments are starting to realise that simply retaining employees for the sake of it is a false economy.

"The objective in the past was mainly to get staff turnover numbers down to save on recruitment costs," explains Mr Ordever. "But today it's less about just keeping people and more about keeping people engaged, so they provide value while they're with you and become brand advocates when they leave."

This means an increasingly key element of an HR professional's role will be acting as agents of change to optimise the workplace culture.

> Retention rates will become less of a focus and it will be more about working with the best talent

"There's a real shift starting to happen in HR, but the challenge is getting the rest of the senior team over the line," says Mr Ordever. "So HR professionals are having to become experts in influencing and selling to encourage the rest of the business to come on the journey.

Meanwhile, a key way in which fresh talent will enter the business over the next three to five years is in the shape of growing numbers of freelancers and contractors, according to Fiona McKee, head of human resources at HR and payroll software supplier SD Worx UK & Ireland.

Although they may not yet be employed in great numbers, these gig workers will over time assume various roles right across businesses to enable them to respond quickly and in an agile way to market needs, she believes.

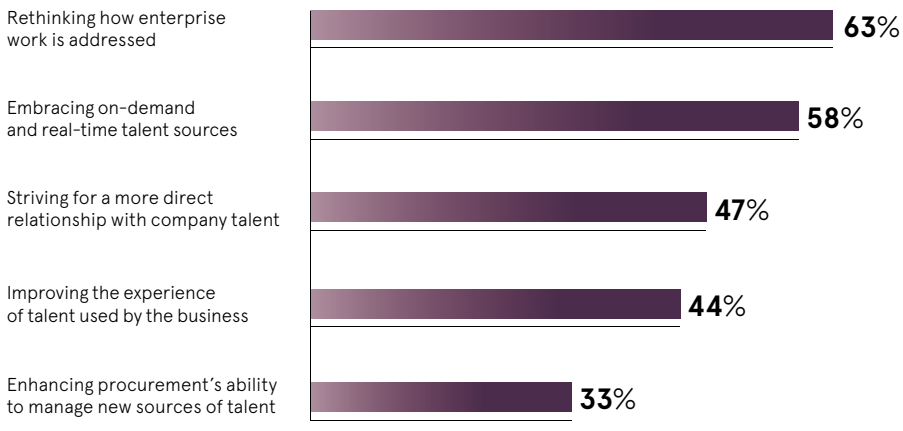
In other words, the secret to success will be in striking a balance between introducing fresh talent to bring in new ideas, and ensuring the company culture enables people to grow and develop by providing them with the right opportunities to do so.

While having a more fluid workforce will undoubtedly bring cultural challenges, it will also require a "broadening out of the definition of retention", Ms McKee points out.

"Employers will still be keen to retain key people, but it will also be about looking at the wider business and ensuring you've got the right blend of skills, know-how and innovation to help you grow," she concludes. "So we'll see a more relaxed attitude towards retention; retention rates will become less of a focus and it will be more about working with the best talent." ◆

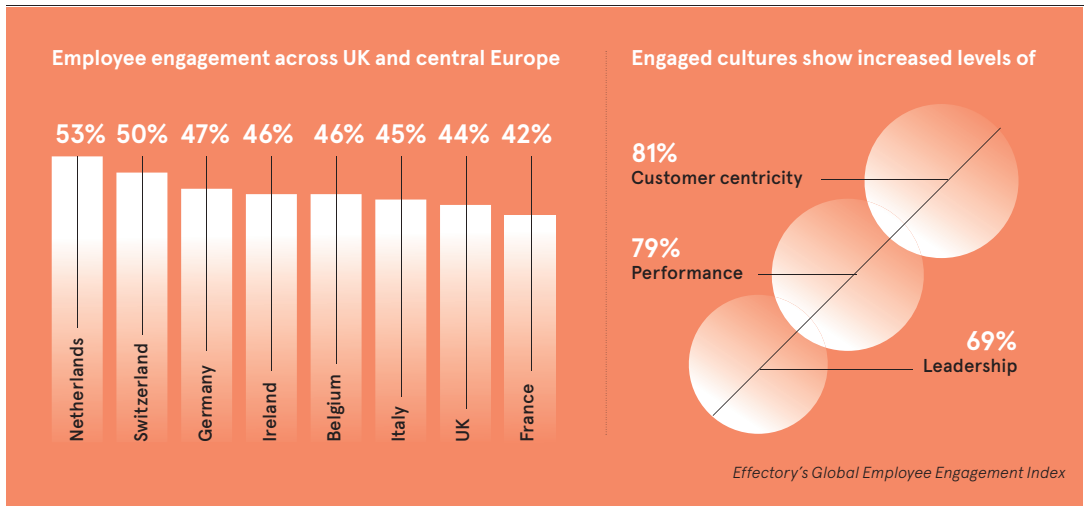
How companies are adapting for the changing talent environment

Percentage of senior procurement and HR professional employing the following strategies



Ardent Partners 2017

Commercial feature



Employee engagement unlocks business growth

Across the UK and the rest of Europe, we're facing hyper-competitive times with ever-increasing pressure to speed up, innovate and digitise

New business models and disruptive technologies continue as drivers of agility and business growth. Yet without engaged employees, these strategic gamechangers are all but useless. The difference between organisations that lead and those lagging can be found in their people. Increasing agility requires a culture of productivity and high performance, which can only be attained through high levels of employee engagement.

"Company culture is the crucial differentiator for organisations wanting to speed up and become more agile. Leading organisations are investing in employee engagement solutions to boost productivity and create high performing cultures," says Arne Barends, co-founder and chief executive of Effectory, Europe's largest provider of employee feedback solutions.

Effectory's research shows that, across the UK and the rest of Europe, 52 per cent of employees are disengaged in their work. Yet our data shows that engagement increases customer centricity by 81 per cent, employee performance by 79 per cent and their alignment with organisational goals by 76 per cent. Clearly, employee engagement is an important key performance indicator (KPI) that requires attention at board level.

Give engagement airtime

Cultural transformation doesn't take place in the boardroom; it happens at grassroots. It starts, however, with leaders who understand how it impacts growth and agility, and who ensure that substantial airtime is dedicated to engagement as a KPI.

In recent years, the engagement industry boomed because annual surveys provided leaders at all levels with insights into the topics and issues most pertinent to their organisation. The problem is that many business leaders think that an annual employee engagement survey is the answer to all engagement issues.

In reality, a generic once off survey won't drive engagement. That's where more relevant, frequent and tailored surveys enter the equation. Running these kinds of employee listening programmes, whether onboarding, pulse or exist, for example, creates dialogue between leadership and employees. It is exactly these kinds of interactions that will become the firm roots of an engagement culture.

Progressive companies know that their people have closer relationships with their clients, and most likely more awareness of the latest technological developments, than their top managers. They use surveys to tap into the collective brain of their employees for ideas on how to improve their organisation. This way, new ideas become instantly visible to the board rather than being lost amid endless hierarchical layers.

Drive behavioural change

Implementing these kinds of surveys at local, regional and global levels used to be highly instrumental and dependent on hard work from internal human resources staff or external consultancies. Now, however, the implementation process can be done at high speed. Both smart analytics and coaching of leaders and employees can be done entirely digitally.

Effectory's experience across all industries, combined with extensive research, shows organisations need a flexible employee listening strategy that not only focuses on gathering and reporting data, but also on creating tangible impact.

"This means employee engagement implementations should be 'self-inflating' packages, rather than being dependant on complex setups that inundate HR and IT teams. Engagement tools must be able to create action-oriented and highly interactive personalised reports that provide guidance tailored to the needs of each employee. They should be able to drive behavioural change at individual, team and organisational levels - which collectively become the drivers of growth and innovation," says Mr Barends.

Our research shows that as organisations grow, employee engagement becomes harder to attain, with a staggering 66 per cent of employees in large organisations being disengaged. The solution is incredibly easy: create a listening landscape that stimulates dialogue and drives real change where it is needed most.

Three key elements of employee engagement

01 Company culture is the competitive edge for organisations wanting to boost performance.

02 Relevant, frequent and tailored surveys create dialogue between leadership and employees, which is the foundation of an engagement culture.

03 Engagement implementations should be self-inflating packages that drive behavioural change at individual, team and organisational levels.

Discover how your organisation can gain the competitive advantage through employee engagement at www.effectory.com

effectory.com

OPINION COLUMN

'HR should champion better work and working lives, and make sure people are at the heart of the future of work'

Work in all its many forms is an important part of our lives. As Voltaire observed, work keeps us from the three great evils of boredom, vice and need. And work that we enjoy, develops us and has a purpose, can be engaging and a positive force for good. But it's clearly not always the positive force it should be and this impacts many economic as well as social outcomes.

We can see many areas of change in the world of work. New organisational models and ways of working are emerging, and the workforce itself is changing in its diversity and expectations.

Despite political and economic uncertainty, we are in times of high employment and many organisations report skills shortages. Skills needs will change as automation and artificial intelligence advance, but already there is greater focus on the human skills that are becoming more and more important, such as creativity, collaboration, adaptability, judgment and empathy.

Human resources exists to understand and support the people side of business. From finding and attracting the people organisations need, to developing, rewarding, engaging and improving how they are performing. The pace of change around us means we have to create agile businesses where we can access new sources of talent, and effectively upskill and reskill our workforces.

These have been the traditional areas of focus for the people profession, but the future will need to encompass a broader role in shaping the jobs, organisational structures, operating models and cultures that are sustainable and adaptive. The future of work is shaping the future of the people profession and its vital role in enabling and sustaining work, workforces and workplaces that are a positive force for good, for individuals, organisations, economies and society.

Getting the best out of people clearly takes a lot more than just working harder. How people are managed, supported and trained are all critical to improving performance, as is the nature of the work itself. Many surveys show there is much to be done in improving how people feel about work and how this connects to the challenges of productivity and driving innovation.

Areas such as personal wellbeing are central to good work. People also want to feel included at work whatever their background, to have a voice and have influence over how they work, to use and develop their skills and talents, and have fair pay and conditions. All these are dimensions of the quality of the work and roles people perform that enable productivity, engagement, creativity and innovation.

HR should be at the forefront of improving the ways we manage, develop and support people, and in how we shape jobs and organisations to deliver sustainable and responsible outcomes. We need to move beyond the historical management philosophies of control, with too many rules and inflexible processes, and beyond the siloes of the past, to work closely with other key functions in shaping the future of our organisations.

Like every business function, HR should become more evidence based, using good data and understanding science and research to shape practices, and understand real outcomes not just inputs. HR also has to invest more in itself, to utilise emerging technologies to become more efficient and effective, and to build new capabilities in areas such as analytics as well as strengthening areas like job and organisational design. HR should champion better work and working lives, and together we all need to make sure that people are at the heart of the future of work.

Peter Cheese
Chief executive
Chartered Institute of Personnel and Development

When there's no time for retirement...

Businesses should adapt and tap the experienced talent pool of older people who are increasingly working past retirement age

EMILY HILL

It is not a word you will find in any dictionary and yet "unretirement" is a term the world of business should get to know urgently.

According to a groundbreaking study published last year by King's College London, unretiring is a societal phenomenon we are barely aware of and yet more and more of us are now doing it.

The research showed that a quarter of people in the UK who retire now change their minds and resume work, mostly within five years of giving up their jobs. The results indicated that there are various factors behind such a decision.

Those who reported feeling in good health were 25 per cent more likely to return to work, as were 31 per cent of those who had a partner still in employment. Finances were a major motivation as 50 per cent of the unretired surveyed were still paying off their mortgages. Demographically, men were shown to be significantly more likely to unretire than women, as were those educated to degree level.

By highlighting how common it is now for people to unretire, Professor Debora Price, director of the Manchester Institute for Collaborative Research on Ageing, who co-authored the research, explains: "This work points to the changing nature of retirement transitions and the more fluid relationships that people have with paid work around mid and into later life.

"There are messages here for employers who might want to think about these new demographics, but also for policymakers as it looks like the possibilities to supplement savings or retirement income in later life through unretirement are available to a greater extent to the already advantaged."

According to figures released by the Office for National Statistics, unretirement as risen sharply as a result of the economic downturn. The number of those aged 65 rejoining the workforce by opting to become self-employed has increased from 159,000 in 2001 to 469,000 in 2016.

"The traditional view that people hit 'old age' at 60 to 65 no longer applies," says Susy Roberts, an executive coach and co-founder of the people development consultancy Hunter Roberts, who is about to release a white paper on the unretirement phenomenon. "Older people are fitter, healthier, more active and living longer than ever before. Organisations need to start planning now for the fact that those who reach the upper end of middle age are no longer on their way out, rather they are in their prime."

Next year, the state pension age is set to rise to 66, but with current UK average life expectancy suggesting most retirees could live on until their 80s and beyond, society ignores those who want to unretire at its peril.

> **Encouraging an older worker to retire to replace him or her with someone younger can have negative consequences for business**

"The anticipated increase in longevity, and resulting ageing populations, is the financial equivalent of climate change," warns Michael Drexler, head of financial and infrastructure systems at the World Economic Forum. "We must address it now or accept that its adverse consequences will haunt future generations, putting an impossible strain on our children and grandchildren."

An older workforce creates challenges for employers in terms of dealing with workers who are becoming physically frailer and may need extra training to keep apace with technological developments. But encouraging an older worker to retire to replace him or her with someone younger can have negative consequences for business. It would be better to offer shorter working hours and a phased transition from the workplace.

"The long-standing state pension ages of 60 for a woman and 65 for a man were set back in 1940," says Alistair McQueen, head of savings and retirement at Aviva. "Back then, retirement was a short period of 'rest' after a lifetime of work. It is now out of date to consider retirement as a cliff edge when we work one day, but not the next."

According to one shocking set of statistics from LV Insurance, the over-45s spend longer planning for a holiday than they do their retirement. Viewed like this, is it any wonder that, as a social trend, unretiring is predicted to increase? ◆

Chris Ratcliffe/Bloomberg via Getty Images

Case study

Aviva

Alistair McQueen, head of savings and retirement at Aviva, tells of the insurance company's response to a new unretired, multi-generational workforce.

He says: "About one in three workers in the UK are aged 50 and over. That's more than 10 million people. Assuming each has, on average, 30 years of working history, this population now carries an immense 300 million years of skills, knowledge and experience. This is of huge value to UK plc.

"In the coming decade, about seven million young people will enter the employment market when those ten million older people are set to exit. Arguably, we face a three-million worker shortfall. We can either start 'producing' more young people, which would take time to deliver, literally. Or we can import workers in the form of immigration. Or we can support a fuller working life for those in their 50s and beyond.

"One third of Aviva's people are aged 45 and above, and the average Aviva employee over that age carries 20 years of Aviva experience. That's a huge amount of valuable skill and knowledge, and it is helping to drive our business forward.

"We also recognise that our customer base is ageing, as the UK ages. The more our people can reflect the society we serve, the more we will be able to understand and meet its needs. A diversity of age also encourages a diversity of ideas, and this is great for innovation.

"As an example of our words in action, every year Aviva invests in the development of skills via our apprenticeship programme. Our oldest apprentice is 68.

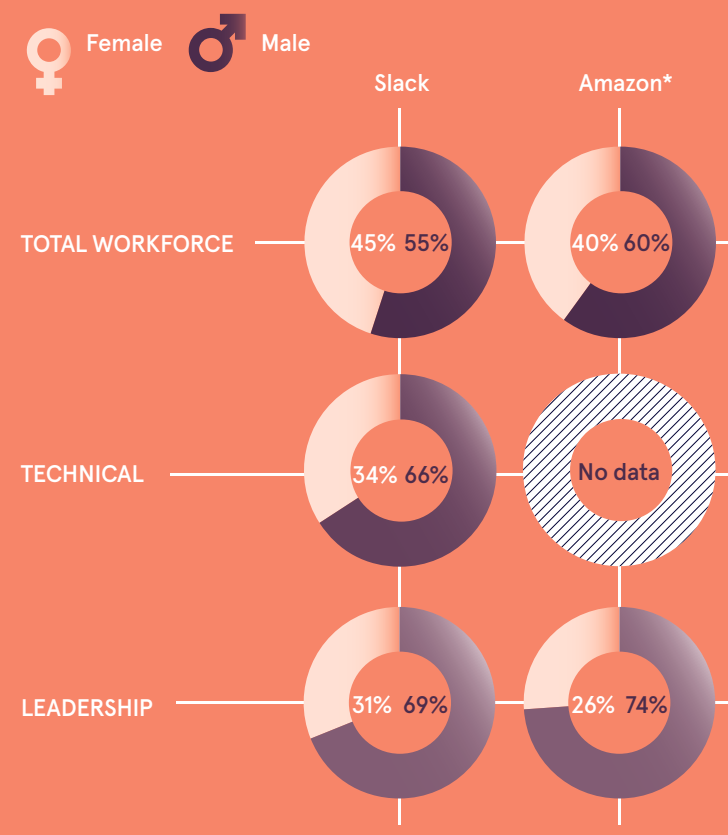
"There is a greater need to help people transition towards this longer retirement over a longer period of time, perhaps by reducing days or hours of work. This flexibility will allow the individual to adapt, while continuing to earn, and will also allow the employer to retain valuable skills and experience for longer. Supporting a phased transition to retirement is a win-win."

IT'S A (WHITE) MAN'S WORLD

Lack of diversity among Silicon Valley tech giants is well known and, while the publication of workforce demographics is welcome, recent reports show a woeful representation of women and minority ethnic groups across the industry

Female representation remains low

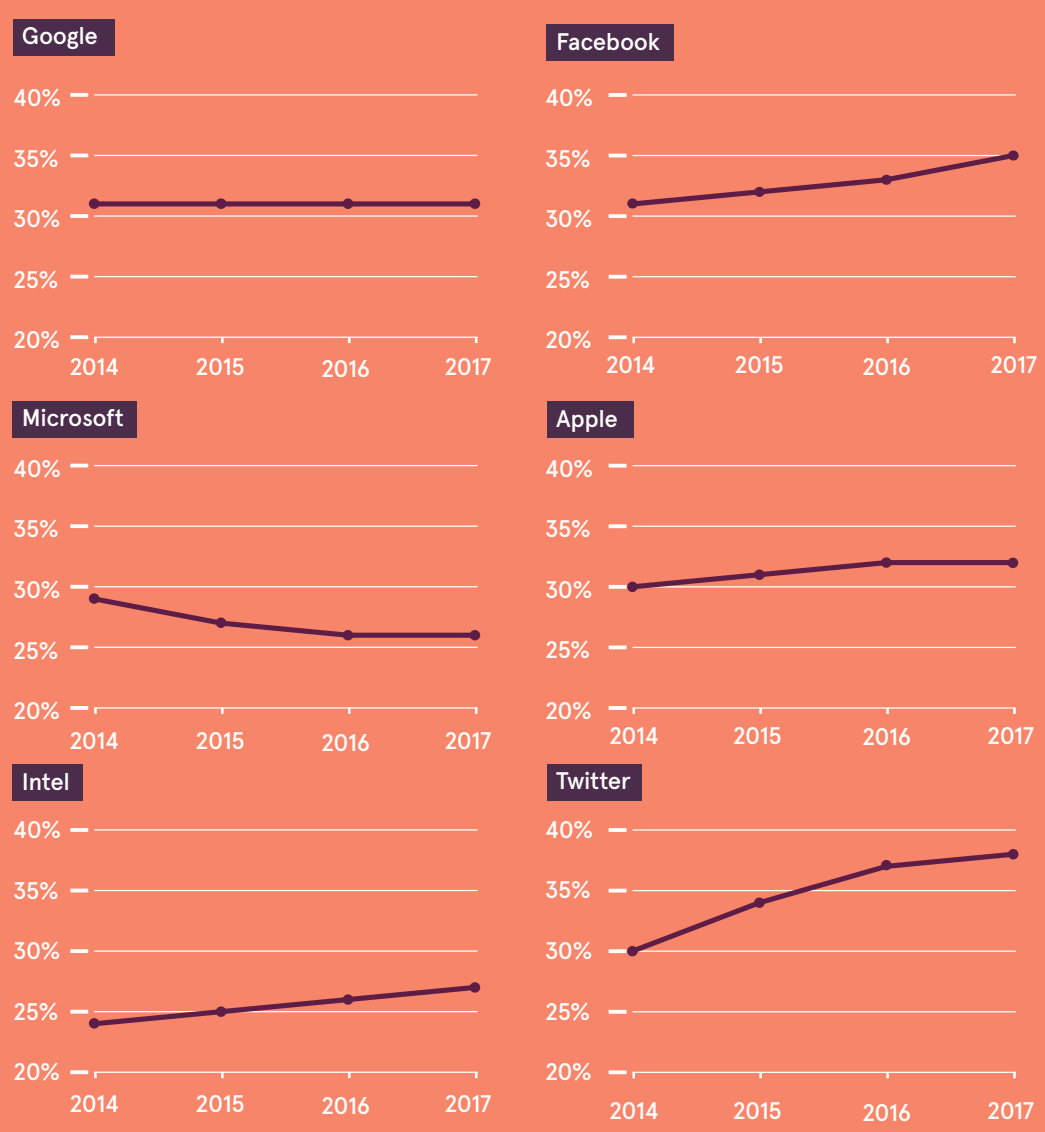
Demographics of total workforce, technical employees and leadershi



*Amazon only provides demographics for management (not leadership specifically) and does not provide a br

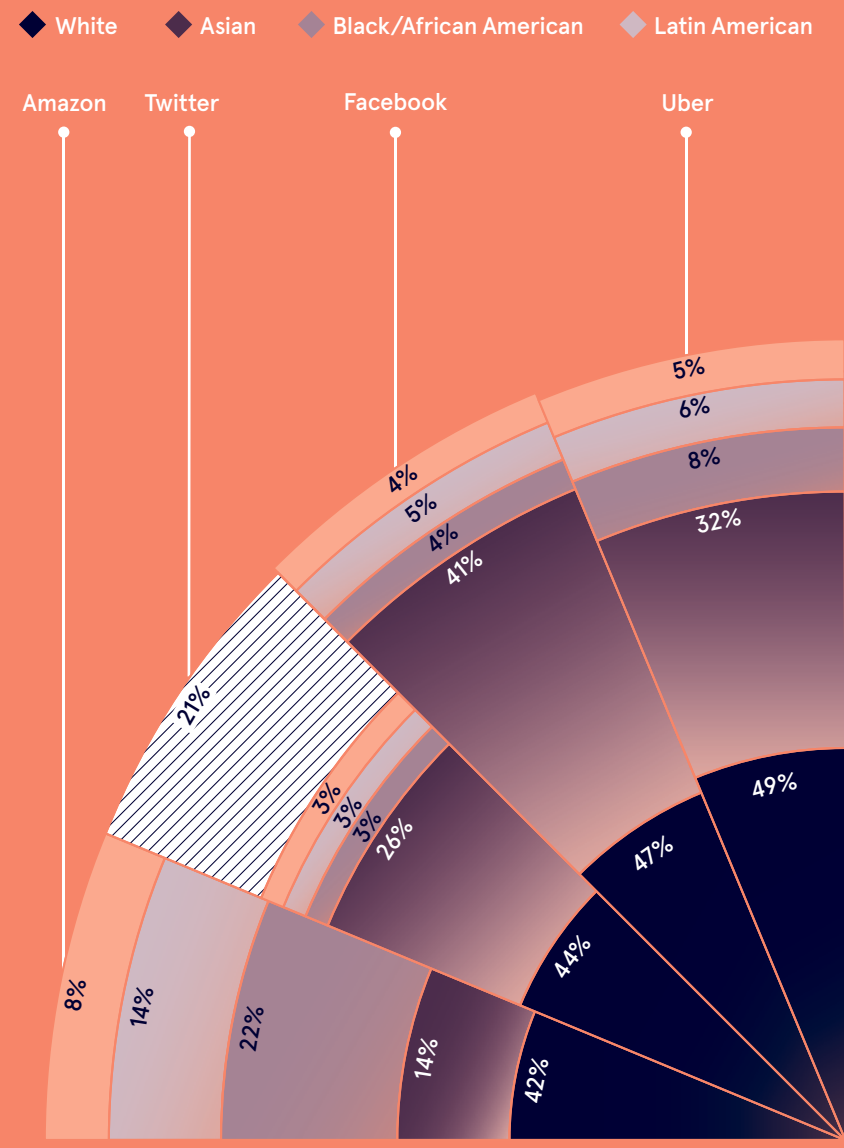
Workforce gender composition by year

Female representation of global workforce



Race/ethnicity

Demographics of technical, non-technical and leadership positions combined; U



All data is for 2017, except for Facebook and Google which have publi

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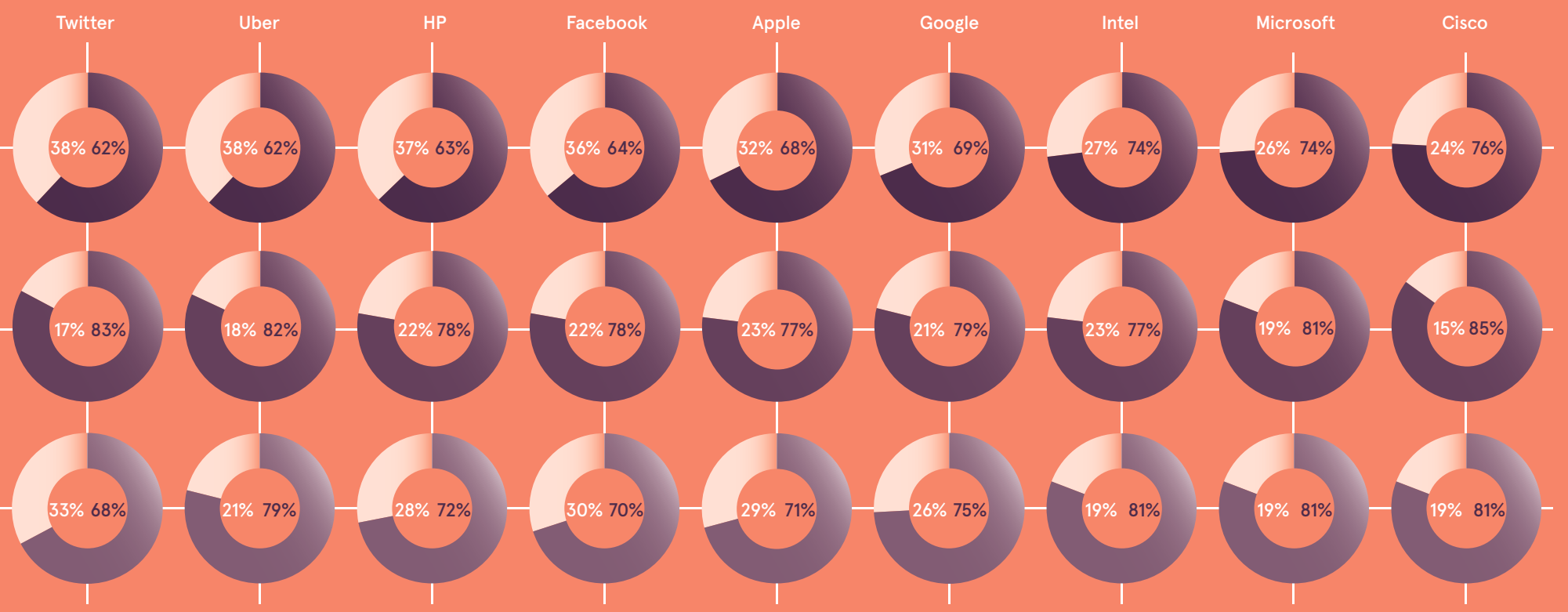

reakdown of its technical workforce

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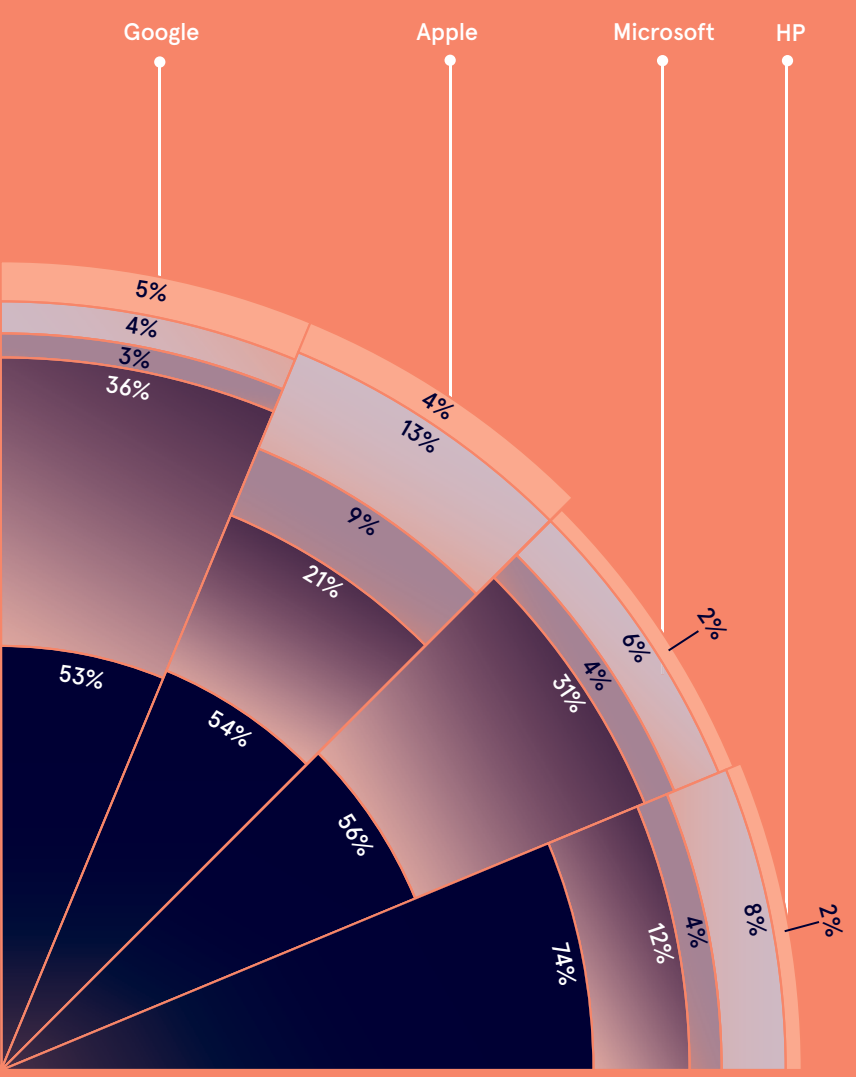
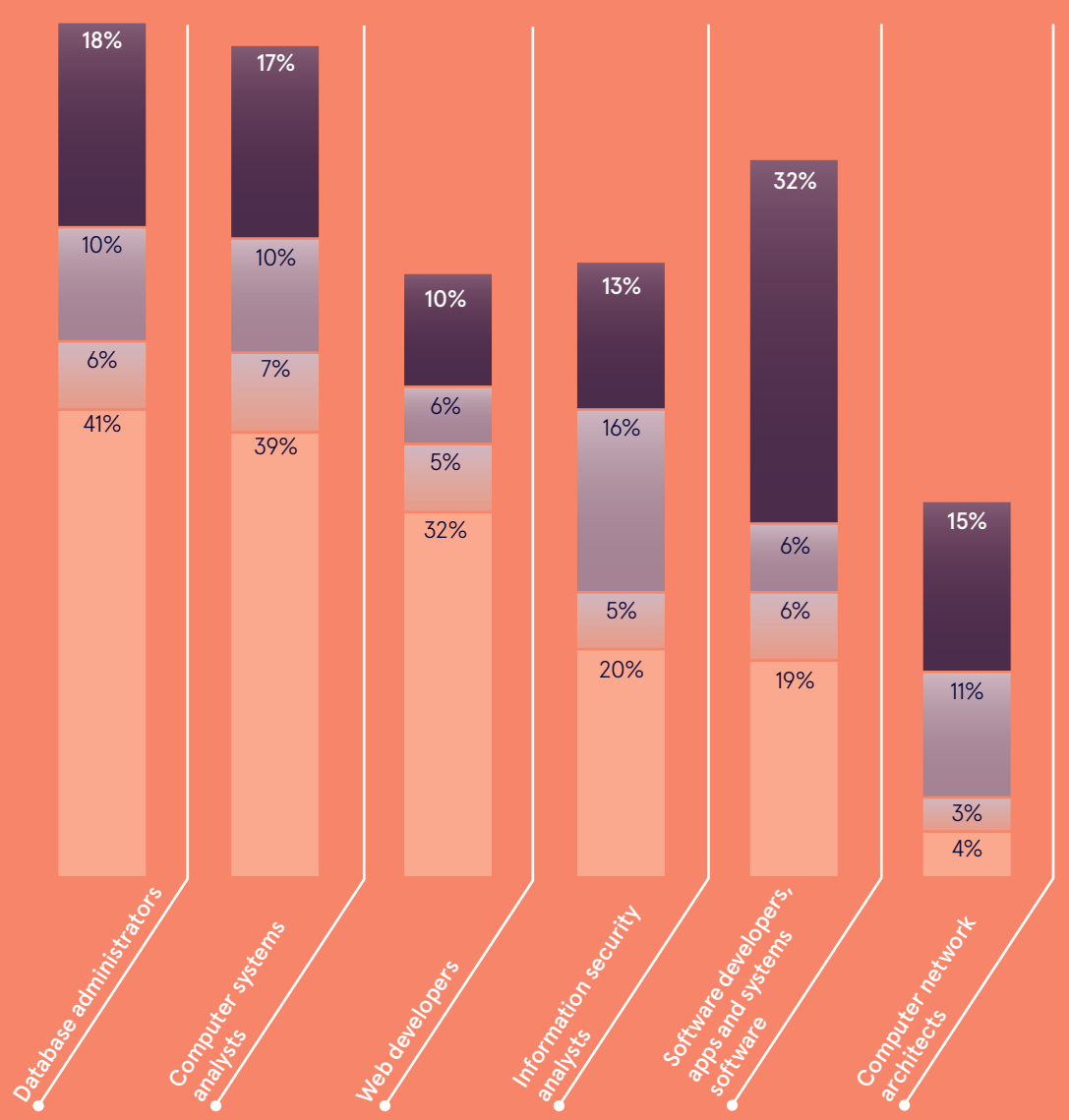


ished 2018 figures; percentages have all been rounded up to the nearest whole number and so may not add up to 100 per cent
Company's published diversity reports

Minority representation in tech jobs

Computer occupations in the United States in 2017



US Bureau of Labor Statistics 2018

Small Improvements

May I give you some feedback?

Giving and receiving feedback is hard. And it's even harder if you only do it once a year.

That's why companies benefit when colleagues regularly discuss and reflect on their work. A small piece of feedback at the right time can have a big impact on an employee's success.

Create an energising feedback culture by using our software to facilitate 1:1 meetings, peer feedback, performance reviews, and more.

Book a demo at
small-improvements.com

AUTOMATION

AI frees up time to

Adopting artificial intelligence within human resources will speed up processes and create more time to be "human"

OLIVER PICKUP

That artificial intelligence (AI) is dramatically transforming the human resources industry is somewhat ironic, given the growing global clamour for robots, usurping millions of jobs. HR, though, is not traditionally associated with pioneering nascent technology, and failure to deploy and develop AI could prove a fatal mistake.

"When so much time is spent debating how AI and automation might replace roles, it's easy to forget that these very same technologies have a huge role to play in finding, securing and retaining employees," Andrew Lawson, executive vice president and general manager of Salesforce in the UK, points out.

"In this era of constant change and digital skills shortages, finding the right talent is more challenging than ever. By using AI and automation, businesses can identify a diverse range of top candidates quickly and easily, and at a pace that keeps stride with the frenzied speed of modern business."

Picking up this thread, Jeffery Ng, chief scientist at startup incubator Founders Factory, says: "For HR departments, finding the right candidate for a job is like locating a needle in a haystack. Research tells us that 79 per cent of recruiters' time is spent sifting through a dense ecosystem of possibilities.

"Advances in AI have helped with recruitment's inefficiencies. Until recently it used to take weeks and months to build a long list of prospective employees; now it takes minutes, if not seconds.

"AI is capable of much more than delivering efficiency. Developments in natural-language analysis and semantic understanding can be applied to the recruitment process. Machines can go beyond assessing just the candidate's résumé and take into consideration a person's online presence, the company culture and overall fit more accurately."

Deloitte's leader of HR transformation Richard Coombes says: "AI offers a host of new capabilities for HR departments, such as decoding video interviews to determine cognitive ability, identifying workers' career options and training managers to improve their leadership skills. It also gives HR teams the opportunity to offer an always-on, personalised, concierge-type service to their organisations, which would not otherwise be viable."

However, there is one sizeable, inherent problem, argues Liz Sebag-Montefiore, director and co-founder of 10Eighty, a London-headquartered career management and employee engagement organisation. "The trouble is many HR people aren't very technically minded," she says. "Their ability to make a case for HR having a share of the budget for AI and automation is a big issue.

"It is great if you can use data to help either identify potential problems and address them, or assist employees with managing their careers, so they are more engaged and productive. However, you have to be able to understand the data.

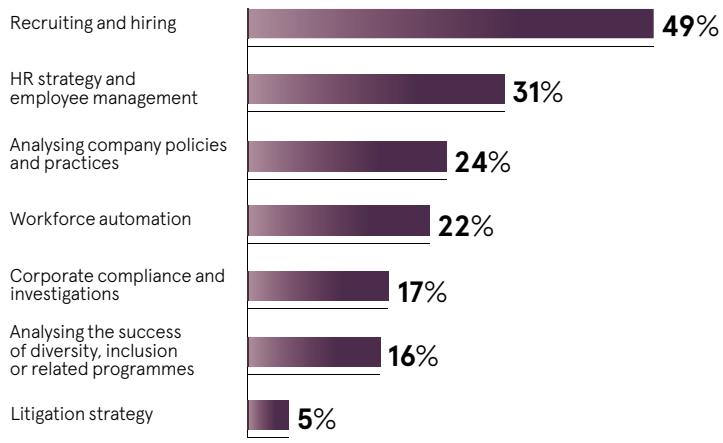
"HR departments tend to collect masses of data, but don't seem able to do much with it. More technically minded HR workers can apply technology to both the HR function and to learning and development applications."

Clare Barclay, chief operating officer of Microsoft UK, agrees and warns that HR professionals who fail to improve their data literacy will indirectly damage the organisation by not recruiting and retaining talent. "Embracing AI is now an essential element of any successful business strategy and in HR it can deliver rapid value," she says.

> **"As these technologies continue to disrupt the workplace, it is vital for HR departments to embrace both AI and the human element of HR to attract and retain employees**

Artificial intelligence and data analytics in HR

Areas where AI and data analytics are being used to improve workforce management decisions



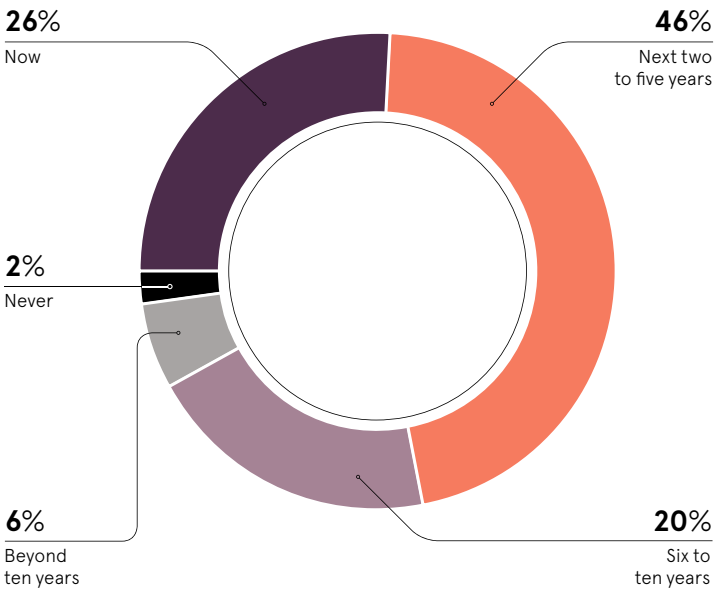
Littler 2018

be more 'human'

Ojobon Alija/ Getty Images

HR predictions about AI

When HR professionals think AI and automation will be advanced enough to impact workforce planning



Harvey Nash 2018

"Whether it's harnessing machine-learning to screen new talent or using data analytics to offer more insightful workplace initiatives, AI is enabling HR professionals to move away from manual, repetitive tasks towards work that truly adds value."

While AI enables people to be, well, more human, snubbing tech is as destructive as being overly reliant on it. Collaboration between human and machine is the winning formula. "Machine-learning, AI and automation can complement every HR worker's day-to-day role to improve the employee support element of HR, the more human side of the job," says Mr Lawson.

"As these technologies continue to disrupt the workplace, it is vital for HR departments to embrace both AI and the human element of HR to attract and retain employees."

Latest Microsoft UK research, *Maximising the AI Opportunity*, shows "a staggering 68 per cent of HR professionals believe automating routine tasks will create time for meaningful work", says Ms Barclay. "This indicates the crucial role AI can play in ensuring those in HR can focus on what truly matters: people.

"The blend of key soft skills, such as human empathy and judgment, together with the powerful analytical and predictive capabilities of AI, is a recipe for success in HR, driving more insightful, human-centric work now and in the future."

Despite this, only 8 per cent of HR professionals in the UK believe their organisation has an AI strategy in place, according to the Microsoft study. Ms Barclay calls it "a worrying statistic" and says: "It underlines an apparent gap between those HR professionals aware of the AI benefits and those who are actively translating this insight into action.

"As the people responsible for hiring tomorrow's workforce, retraining employees for the future and communicating the value of new initiatives, it's critical HR leaders align with their organisation at every step of the AI journey to ensure success."

Furthermore, Mr Coombes believes HR departments have an essential role to play in training humans to work alongside automatons. "Only 17 per cent of respondents to Deloitte's *Tech Trends 2018* survey said they are ready to manage a workforce in which people, robots and AI work side by side," he says.

"This highlights the uniquely important role HR needs to play in helping organisations transform for the future world of work, including developing innovative ways of learning and providing training that can help workers contribute efficiently, creatively and consistently, no matter their roles. HR expertise will be crucial to ensure the technology is rolled out effectively."

Ms Barclay stresses the need for speed. "In this era of unprecedented change, HR professionals cannot wait to see how AI plays out," she concludes. "They, alongside other business leaders within their organisations, must actively create a roadmap for change that not only emphasises the ethical implication of merging human and machine capabilities, but crucially provides tools and training, so employees are best served. Success tomorrow requires action today." ◆

Insight

Removing bias

Are there limitations with deploying artificial intelligence (AI) in human resources? Specifically, can AI learn biases ingrained in an organisation, rather than remove unintentional prejudice altogether, or will we reach a point where humans are no longer needed in HR?

"Using AI for recruitment has the potential to eliminate some of the behavioural and perceptive bias that is a common shortcoming of human interaction, skewing first impressions and subsequent judgments," says Richard Coombes, leader of the HR transformation practice at Deloitte. "Eliminating bias during the initial coding of AI is key, as the technology inherits and magnifies the biases of those who create it.

"HR expertise will be particularly important as AI is rolled out in recruitment, though. For instance, if chatbots are used in recruitment, it's important the technology asks the right questions and responds in a way that doesn't alienate the candidate."

Serial entrepreneur and digital transformation expert Richard Skellett agrees. "No matter how clever AI models become, they will never lose their reliance on human input," he says. "If the training data used in building an AI model is skewed in any way, reflecting not only conscious but unconscious bias on the part of those humans engaged in building and populating the model, this will show in the application. It remains a key human role to mitigate this risk."

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How to meet millennial expectations through employee onboarding

Automation technology is helping to bridge the considerable gap between what human resources professionals think new hires need during onboarding and what will actually improve retention and engagement in a workforce increasingly made up of millennials

Onboarding is a crucial part of the hiring process, allowing the human resources department to integrate new employees into the business more quickly. A positive onboarding experience can enhance employees' long-term productivity and attitudes towards the company, as well increase the likelihood they will succeed in their role.

With millennials already making up half the workforce, digital employee onboarding is no longer an optional HR extra, but something expected from a modern workplace. Millennials want their work experiences to match the standard of the digital products they are accustomed to in their daily lives, driving the consumerisation of HR.

However, research by Talmundo and Vlerick Business School in Ghent, Belgium has discovered a large gap between the views of HR professionals and people who recently started a new job. None of the HR professionals in the study said onboarding is not important, yet more than a third of the employees had not seen such a programme at their organisation.

Nine out of ten organisations approach onboarding with a one-size-fits-all solution, dealing with employees of all seniority levels in the same way. However, millennial and generation Z employees favour HR technology and automation tools that personalise the onboarding process to their needs, along with engaging and customised content.

Stijn De Groef
Co-founder and chief executive
Talmundo

26.5%

of respondents said technology is missing from their organisation's onboarding programme

HR professionals clearly see technology as the missing piece in their onboarding arsenal with

68%

planning to use technology in their onboarding process

Talmundo's study exposes the perception discrepancies between HR professionals and employees. Nearly two thirds of new hires said onboarding should address the lack of clarity they have in their new role, while only 29 per cent of HR pros recognised this as a challenge. Meanwhile, 61 per cent of HR professionals thought employees want help navigating the company culture during onboarding, but only 37 per cent of new hires agreed.

It's clear that HR needs to stop dwelling on their processes and focus on building an onboarding experience that employees want. If the process isn't tailored to each employee, the company risks alienating them before they even start. By automating onboarding tasks, HR can bridge the gap and empower new hires to manage their own experience, while freeing their time to co-ordinate and improve offline activities.

"Treating new hires like your customers and brand ambassadors creates a swift, smart and automated employer brand experience every step of the way," says Stijn De Groef, co-founder and chief executive at Talmundo, whose platform has onboarded more than 27,000 employees in over 100 organisations. "On their first day, your new hires expect to be exposed to your company mission, vision and values in a fashion suitable for digital natives. Talmundo helps create employee onboarding for today's digital world."

By using Talmundo in Belgium, KPMG has increased new hire retention and created a system that integrates employees quickly. Previously it had no pre-boarding, which was particularly an issue with graduate hires, who often wait months to start their job after signing a contract. With no system for direct communication in the interim period, graduates took longer to adapt to the environment and culture.

As the cost of replacing a graduate hire is between 80 and 100 per cent of their annual salary, KPMG aimed to boost retention in the period after contract signing by adopting Talmundo to send key documents and gradually introduce new hires to their culture through engaging videos, contact information and testimonials.

KPMG's onboarding process now begins months before each employee's first day. Talmundo's solution not only assists new hires to their start date, but also continues to support their onboarding journey with crucial content during orientation activities and new milestones and feedback checkpoints after one, three and six months. Employees now rate their hiring experience at 4.45 out of 5 and their first week experience at 4.12.

"There is now a structured process," says Wouter Van Linden, HR director Europe, Middle East and Africa at KPMG. "We have identified the key moments of the new hire journey and pinpointed the instances when you should pay attention to the employee. As a result, new hires integrate into the company faster."

For more information please visit talmundo.com

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OPINION COLUMN

'In the rush to embrace technology, the soft skills of social interaction need a reboot'

Marc Coleman
Chief executive and founder
UNLEASH Group

The technology revolution of the past 12 years or so has brought huge benefits for organisations and the people who work in them. We are spoilt for choice with a myriad of applications that improve performance, efficiency, customer communication, and free employees and those who manage them to work smarter. But there is a flip side to this coin. In the same period, we have seen a rise in employee burn-out, and a surge in opinion that bemoans the always-on world of work and the stresses it creates.

How we use technology, and especially the devices we hold in our hands or on our laps, is very much a matter of personal choice. But like any new toy, it's only once the novelty has worn off that we gradually learn to be better at controlling what we use it for and how frequently. We are now learning when to put devices to sleep and that stroking the screen on a smartphone when we wake, rather than the person lying next to us, is going to create distance in every aspect of our lives, not intimacy.

Artificial intelligence is the coming new wave set to precipitate even more profound change. It's easy to get lost in the hype, but it is just what it says it is, artificial. Unlike a human, it is not a being, it doesn't experience, it has no emotions, it is not moved by beauty, by music or a work of art and it can't be inspired, or understand joy or sadness. In the rush to embrace technology, the soft skills of social interaction need a reboot and we need to ensure these skills don't take a back seat.

Algorithms are great, but they also need people to create, manage and market them. More than ever we need people in our organisations who can communicate with another human being; people who can communicate in writing, people capable of paying attention, of patience, of compassion, and people who really know how to have a conversation.

These are the skills urgently needed by the next generation of leaders and managers in business. The skills we need to see in employees and the skills that are becoming all too scarce in a world where communication by chat message to the person sitting at the desk opposite is the norm.

We all know the new generations coming into the workforce are looking for purpose. They seek self-actualisation in their work and expect to experience personal growth. They are asking themselves, does work do something for the greater good and not just for the shareholder or the company owners? We can also see that they crave the security of belonging. Fostering workplace cultures that are inclusive also means building relationships with employees; something algorithms simply can't do.

It's a given that change and transformation won't work without the soft skills of clear, effective and empathetic communication; ask any good change manager. In an era when organisations need to be agile, responsive to rapid change and marketplace disruption, we need the same level of employee buy-in as we do when we bring in process change.

The importance of soft skills is clear in the conversations UNLEASH has been having with the many influencers, chief executives and chief human resources officers we work with. People such as Sir Richard Branson, Arianna Huffington, Esther Perel, Sir Ken Robinson, Matthieu Ricard and Simon Sinek, to name a few.

As we move ahead into the third decade of the 21st century, technology will change not just the world of work, but also society and the way it is governed. The need for knowledgeable workers who have the necessary soft skills to communicate has never been greater.

Name-calling is getting interesting

Whether it's to sex up a boring job or express personality and skill, job titles are changing

NICK EASEN

Chief happiness officer, culture guardian, ninja and stormtrooper – we're not talking about characters in a comic book, but actual job titles emblazoned on real business cards. Twenty-first-century employers are increasingly breaking out from the mould of predefined job titles. In a bid to attract talent, there's been a blossoming of imaginative labels in almost every industry.

"They might as well be called 'vice president of the toilet' for all I care. I have no idea what a stormtrooper does," says Professor Sir Cary Cooper, president of the Chartered Institute of Personnel and Development. "Novel titles are used by companies to look cool. It's about sexing up the nature of say a software engineer. These titles are confusing; it's just a short-term PR stunt."

Even the roles of those who come up with exotic titles has changed. Head of personnel moved into human resources and now they're head of people or the chief people officer.

"To be honest, in most cases they are still heading up personnel; they aren't developing people at all, just managing staff and recruiting. People have forgotten what titles are for; this new trend has devalued what they're about," says Sir Cary.

Intentionally ambiguous and creative, titles have become a sign of the evolving workplace. In an age of funky startups, flattened hierarchies and the search for more meaningful work, companies are trying to appeal to dwindling talent through titles. Let's face it, being called a guru or rock star every day is a lot more exciting than marketing manager.

"Job titles are now part of an employer branding trend, where companies try to appeal to workers at an emotional level. It's easier to control employees who buy into a brand," says Adrian Madden, professor of human resources and organisational behaviour at the University of Greenwich.

This mismatch between titles and roles comes at a time when employers are placing a greater focus on skills, productivity and delivery, rather than rigid labelling. At the same time there is a richer tapestry of responsibilities within organisations.

> As the working environment changes faster, job titles and descriptions will likely become less standardised and more personalised

"It's now harder to have a unified, universal title for many roles. These days, when you ask someone what they do for a living, it's rare to get a response with a three-word job title. Most now tend to describe what organisation they work for and paint a more detailed picture of what they actually do," says Adam White, co-founder of executive search firm Winter Circle.

It is also the case that organisations increasingly need more innovation and agility from employees. The operating environment is more competitive as businesses are striving to remain relevant and adaptive in a market that being turned on its head in a digitally driven age.

"The classic idea of a job title as a stable entity is shifting. Leaders are usually a few steps away from the day-to-day painpoints of the work and they want quick reactions to problems. This opens the door for employees to use their personal skills to adapt the job and the title around their strengths," says Dan Cable, professor of organisational behaviour at the London Business School.

"As the working environment changes faster, job titles and descriptions will likely become less standardised and more personalised. The 'best' way to describe the tasks of a job will be based more on employees' idiosyncratic strengths and less on 'what used to work'. This is because the way that one employee best interacts with customers and produces a final product may be very different from another employee."

Cynical observers point out that the proliferation of meaningless, but cool, titles allows companies to get away with paying workers less, retain talent, attract the cool kids, as well as inflate mundane roles. In a positive light, others see it as a way of organisations actually questioning stuffy old labels and crafting jobs around the talent they have.

"When employees find personalised ways that their jobs can add more to internal and external clients, it ignites them. It builds their enthusiasm, engagement and sense of purpose. As individuals change the boundaries of their jobs around their strengths, it affects the way they define themselves as workers," says Professor Cable.

If what you do is more important than what your title is, why not do away with them altogether? The fact is that in any structured organisation, titles are an anchor so everyone knows where they stand in relation to their peers.

"Employees needs an identity to which they ascribe a status and purpose. There can potentially be a huge amount of pride associated with a title. You need to have a formal internal system for classifying and grading workers, otherwise it will have a negative impact on career progression, employee reviews, remuneration and benefits," says Joe Wiggins, director of communications at Glassdoor.

The fuss over proliferating job titles may be overbaked. Companies now use instruments such as competency profiles to recruit talent. Titles mean less; employees get this too.

"It makes less sense now to look at titles or even work experience. When the future becomes more unpredictable, the past becomes less relevant as a predictor of performance. Instead competencies such as speed of learning, adaptability or resilience are attributes to look for," says Dr Nico Rose, vice president for human resources at a German media corporation.

If you're a stormtrooper or even vice president of the toilet, it doesn't matter, just do it with core competencies. ◆

QUITTERS

Crunching data can spot the quitters

Technology used ethically can help retain valued staff by spotting potential problems which could cause them to quit

Cengiz SARI on Unsplash

HELEN BECKETT

At factories, military bases and state-owned enterprises across China, employees' brains are monitored by artificial intelligence (AI), and the emotional data harvested is used to boost profits.

While corporations in the West do not use AI in this intrusive way, human resources leaders are waking up to the power of machine-learning to understand their employees better. Aside from the arguably nefarious possibilities of tighter employee control, positive applications include strengthening trust and even preventing quitters.

State Grid Zhejiang Electric Power's profits reportedly leapt by $315 million after workers donned wearable sensors in 2014, a Big Brother scenario many HR directors in the West would reject.

But they are considering more palatable AI-powered algorithms to improve retention rates and the return on human capital, confirms Ken Lahti, chief science and innovation officer at SHL, psychometric tests vendor.

Traditionally, employee engagement is measured at HR touchpoints of recruitment, appraisal and exit; AI-enabled adaptive training, where questions are tailored in real time according to employee response, enables more accurate profiling, says Mr Lahti. "Similarly, training an algorithm to automate the interpretation of high volumes of text responses to open-ended questions accelerates feedback and makes evaluation more efficient," he adds.

More radically, HR directors are experimenting with marketing concepts such as sentiment analysis, where tone of voice and facial expression are measured. Emotion and sentiment are fleeting, Mr Lahti cautions, and at present do not yield longer-term predictive information, which might be valuable in determining employee retention probability. Nonetheless, HR is interested and vendors are starting to push.

Other focused applications of data analytics and algorithms are already proving fruitful, as US chocolate maker Hershey testifies. "We needed to make talent planning a cyclical and predictable process to ensure continuity across our business," says Sean Kirlin, Hershey's senior manager of HR operations and systems. The company crunched foundational employee profile data to spot potential quitters.

Emilie Thomas, director of advanced analytics at Hershey, built the retention model and included data on employees' managers, year-on-year performance and distance of commute as indicators. "The retention model takes all these factors, and more, to come up with remarkably accurate predictions; it's correct about 87 per cent of the time, which enables HR practitioners and leaders to take action on these insights," she says.

HR is playing catch-up with such applications of big data and analytics to improve employee retention. Machine-learning that is embedded in employee interactions with work systems takes it a step further offering opportunities to monitor and shape behaviour.

> A workplace that deploys AI to monitor and mould behaviour may not necessarily herald an ethical future, but is inevitable

Gamification, personalised to an employee's working style, promises to be an HR tool that could deter quitting, says Dr Panos Constantinides, associate professor of digital innovation at Warwick Business School.

"Beyond game mechanics and incentives in the form of badges, leader boards and so on, an AI-enabled system that utilises natural-language processing, text analysis and biometrics could assess the deeper behaviours and motivations of employees," he says. "Feedback could inform development, training and collaboration in the workplace, as well as 'nudges', small prompts that can have a big impact on people's behaviours."

An AI-directed nudge could potentially be deployed as a deterrent to quitters. Google's former HR chief Laszlo Bock is leading the development of Humu's Nudge Engine. The app uses behavioural science and machine-learning to deliver personalised nudges to workers throughout the day and answers the conundrum of AI identifying the quitter, but HR not knowing how to intervene.

Chatbots offer another means of monitoring employee sentiment, if not continuously then certainly at more frequent intervals than the bi-annual employee satisfaction survey. Payroll and benefits requests, business travel, IT call-outs and sick leave could become touchpoints for canvassing employees' feelings towards work and workplace, according to Cathal McGloin, chief executive of startup ServisBOT. "Capturing employee sentiment early and often is an effective way to avoid staff turnover. Bots can play a significant role," he says.

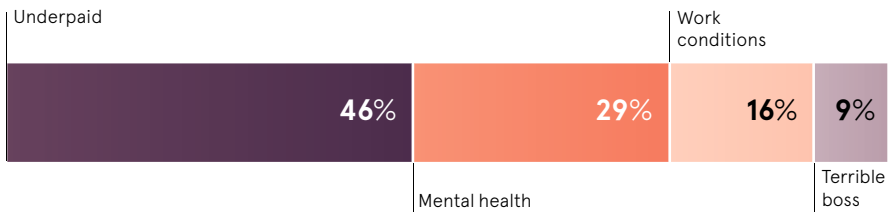
A workplace that deploys AI to monitor and mould behaviour may not necessarily herald an ethical future, but is inevitable, says Michael Sippitt, chairman of Clarkslegal law practice. He is concerned that the law cannot keep pace with AI, and human rights and privacy legislation offer little protection when workers consent to scrutiny of data as part and parcel of their employment.

"The International Labour Organization has begun to look at the future of work in its initiative to address the wide range of work-related challenges ahead, including the use of artificial intelligence to monitor and control workers," says Mr Sippitt. Paradoxically, the potential for machine-learning and AI in the workplace to spot quitters may be limited less by legal constraints than by HR's ability to formulate constructive interventions.

As SHL's Mr Lahti says, retention is a cumulative process: "Once alerted to an issue, it's too late. People quit long before they leave." ◆

Top reasons people quit

Analysis of more than 24,000 social posts about jobs and quitting between October 2015 and October 2018



Crimson Hexagon 2018

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Joanna Nix on Unsplash

Insight

Mental ill health is rising up list of reasons to quit

A perusal of different employee and workplace surveys reveals common themes when it comes to reasons for quitting a job. The strongest motivation to leave, consistent in two surveys, was to increase pay. A further two surveys, which focused on culture and careers, flagged up a lack of career development and unrecognised or under-utilised skills as grounds for quitting. But an analysis by **Crimson Hexgon** of social sentiment that mined 24,411 posts about jobs and quitting, conducted exclusively for Raconteur, perhaps offered the most interesting insight because it surfaced a prominent motivation not mentioned elsewhere. One third of the sample left their jobs because their work was damaging their mental health, it found. Here are five top reasons for quitting.

01 Bigger pay packet

This reason to leave has traditionally topped surveys and headed the list in research conducted by Crimson Hexagon (46 per cent) and Monster's *World of Work* survey (64 per cent). However, among millennials and other workforce segments, including women, it plays second fiddle to work-life balance, and there are a plethora of other reasons driving workers to quit.

02 Mental health problems

According to Crimson Hexagon, a research company which mines social media and unstructured data to uncover sentiment, 29 per cent of posts concerning job-quitting mentioned negative mental health as a reason. The finding is significant in that it reflects concerns at a national level about mental health, an issue not often probed during employee structured questionnaires.

03 Career development

10Eighty's *Career Agility and Engagement Report* canvassed more than 1,000 people from around the world and found 86 per cent of employees quit because of a lack of career development and 82 per cent felt their skills were not utilised. Job site totaljobs found that two in three UK workers have changed jobs due to a lack of learning and development opportunities.

04 Negative workplace culture

O.C. Tanner Institute's *Global Culture Report 2018* surveyed 15,000 employees and leaders across six continents. The findings highlight six factors that constitute a positive workplace culture, which encourages people to stay and engage with their organisation. Without these, they become switched off and are more likely to quit.

05 Flexible and remote working

totaljobs found that one in four UK employees would change jobs for remote working options. The 2018 research revealed that 28 per cent of workers would move jobs if they weren't allowed to work from home, which rises to nearly half (45 per cent) among millennial workers.

How to capitalise on challenges

As an industry, human resources is still in its infancy, having only really become of strategic importance for business growth in the last few decades, says **Chris Wakely**, executive vice president of Benify

In the early days, human resources professionals did administrative tasks and kept track of vacation days and other benefits. But as the evolution continues, HR functions are set to have perhaps the biggest impact on how we'll work in the future.

HR challenges of tomorrow

Communications have become easier with the rise of technology, the internet and smartphones, even in emerging markets and in organisations with large blue-collar workforces. Access to information and data as well as the use of personal devices for communications is still a challenge, especially for larger more complex employers that haven't yet moved personal data into the cloud.

Many organisations struggle with creating great employee experiences for younger employees, which can have a direct impact on whether a prospective employee takes the job or not. One of the challenges for HR professionals is to recruit and retain people who drive the business forward, and to make sure those people are engaged while they are employed.

As organisations branch out to different countries, keeping a global workforce united becomes more difficult. Recognising the impact globalisation has on employee engagement and technology is pivotal. A one-size-fits-all solution won't even work locally, let alone when managing your vastly varied talent on a global scale.

1.87bn

employees, 42.5 per cent of the global workforce, are expected to be mobile by 2022

Global Mobile Workforce Update

22%

of HR executives reported that their companies were excellent at building a differentiated employee experience

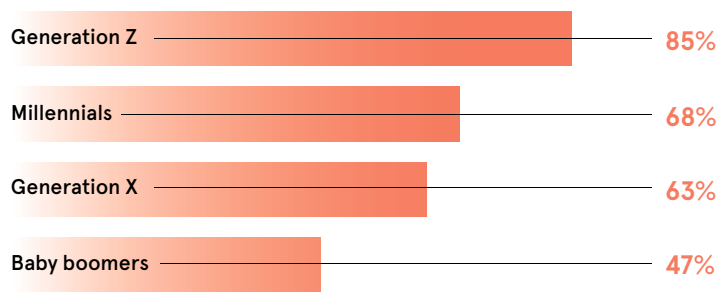
2017 Deloitte Global Human Capital Trends

6.2bn

hours of worker productivity will be recovered with artificial intelligence by 2021

Gartner

Benify 2018 portal mobile login rates



Benify Score 2018

Power of app-based technology

Portals are great for desk-based workers, but app-based technology and push notifications are necessary to reach those who don't have a work email address, for example. Through a mobile employee portal, the employee can log in to their personal employee portal and engage with a whole range of content and services from any location in the world.

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How employee engagement can help your business

Engaging your employees can have a huge impact on your business's bottom line. This doesn't just mean your productivity, but also your wider profitability. It can also boost your recruiting efforts by improving your organisation's reputation. This, in turn, will help you to attract top candidates within your industry and, more important, retain them.

Over the decades, the concepts of workplace culture and employee experience have become increasingly important as a key differentiator between employer brands. Providing employee benefits is one of the most affordable ways to engage today's employees, a trend which is likely to grow in future years.

Global consistency is key

Your employee experience should be inseparable from your employer brand. So it's important that you make it consistent no matter where your workplace is, from Asia to the United States, Africa to Europe. This works on your different demographics too. From employees in your manufacturing plants, to those in your offices, labs, sites and distribution centres, it's important that you adapt your employee offer while ensuring the same quality employee experience they expect. Your business's international growth depends on it.

Way forward

Tomorrow's workplaces will become more personal, intuitive and consumer grade. At least, that's what your employees expect. Portals and app-based technology give organisations the opportunity to segment their communications based on data held on employees and tailor it based on location, age, salary and several other factors, giving employees a better employee experience, which in turn will benefit the organisation, making it a full circle.

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2018 Customer reviews verified by feefo ★★★★★ 4.7

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Tech industry is far from progressive

Technology companies have a long way to go in achieving a diverse workforce as women and ethnic minorities often remain under-represented, particularly in senior positions

BURHAN WAZIR

Almost 15 years after the launch of companies like Google, Facebook and Twitter ushered in a new age of truly global connectivity, transforming every aspect of modern life, some of the largest businesses in the world struggle to address key issues of diversity in the workplace.

In the United States, companies such as Google and Facebook regularly publish diversity figures that show internal male, female and ethnic minority staffing levels. For several years, the figures have shone a spotlight on the extent of Silicon Valley's diversity challenges. Latest numbers released by Google show that while the percentage of Asian workers increased from 30 per cent in 2014 to 36.3 per cent this year, the proportion of white workers fell by 8 per cent over the same four years.

More crucially, the company has struggled to hire black and Latino talent. The number of employees from these groups rose by only 0.7 and 0.6 per cent respectively from 2014 to 2018. Staff attrition is also highest among the same two groupings. In addition, Google has found it hard to reach levels of gender parity with women accounting for 30.9 per cent of its staff.

Figures released by Facebook, which employs around 25,000 people worldwide, show that the company has performed better on addressing the gender gap, but continues to struggle in other areas of diversity. Facebook's internal staffing figures show 35 per cent of the company's global workforce is women, up from 33 per cent in 2016. Women now comprise 28 per cent of the company's senior leadership, an increase of 1 per cent from 2016.

At Facebook, the number of black employees has increased by 50 per cent, to 3 per cent, and the number of Latinos has gone up from 4 to 5 per cent, but the company continues to struggle to attract minorities. Facebook says diversity figures are to be taken in the context of wider education gaps in science and engineering, where minority communities are traditionally under-represented.

A similar picture emerged at Twitter, where 30 per cent of its leadership is female, but the fewest

Tech leavers study

Analysis of more than 2,000 workers who had left a job in the technology industry within the past three years

24%

of women from under-represented ethnic groups said they experienced stereotyping at work

11%

said they received unwanted sexual attention

Kapor Center for Social Impact 2017

Employees at Google, where 31 per cent of the workforce is female

number of women (15 per cent) are employed in technical positions.

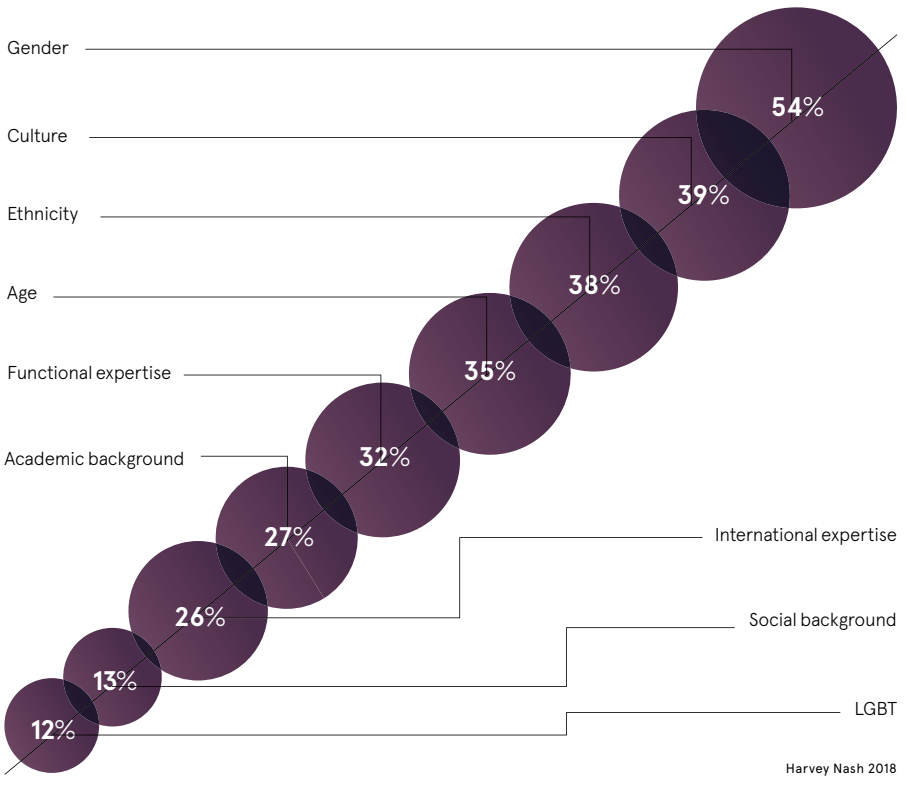
"People who work at these companies tell us one of the recurring issues is the lack of meaningful change in these work cultures," says Yana Calou, engagement and training manager at Coworker.org, a US-based platform that provides advice on problems including diversity, pay gaps and other institutional challenges.

"One of the most difficult pieces of the problem is the retention level because of the cultural problems faced by some of these companies like gender pay gaps," says Ms Calou. "In addition, you have everything from harassment from co-workers to all-out threats to diversity advocates, and people standing up for themselves being doxxed [on the internet] and having their lives threatened. Companies and human resources departments are not taking these threats seriously or taking action in meaningful ways.

"Now workers are dealing with allegations of an anti-conservative bias in tech companies, when in fact people have been undersupported or attacked outright about their ideological diversity for simply lobbying for change."

Diversity priorities for HR

Top areas where HR professionals are actively pursuing to be more diverse



Across the tech industry, analysts paint an equally bleak picture. A recent report by Recode showed that women were found in only around 30 per cent of all leadership roles. Women also occupy only 27 per cent of all technical roles at major technology companies. The percentages of black and Latino employees in leadership positions is also low at around 4 to 10 per cent.

Silicon Valley's diversity problems aren't isolated solely at the entrepreneurial level. Campaigners have long argued that one of the key inhibitors can be found in the predominantly white and male venture capital industry whose financiers are likely to fund promising business models without demanding diversity targets.

Earlier this year, a group of more than 400 leading technology experts and business leaders formed a coalition called Founders for Change to pressure venture capitalists to increase diversity within their ranks. Senior figures at the organisation include the founders and chief executives of companies including Dropbox, Airbnb, Lyft and Stitch Fix.

According to the National Venture Capital Association and Deloitte, the US venture capital industry invested $84 billion during 2017 in more than 8,000 companies. The researchers also found that in 2016 only 11 per cent of the partners at venture capital firms were women. A survey further highlighted there were no black investment partners employed by the firms and only 2 per cent of investment partners were from Latino backgrounds.

In the UK, a successful technology sector has likewise failed to address issues of diversity. The UK's technology sector is worth around £184 billion, up from £170 billion in 2016, according to Tech Nation, with growth outpacing the rest of the economy at around 4.5 per cent between 2016 and 2017. The UK currently employs around 2.1 million people in digital technology.

A Tech Nation report shows women make up only 19 per cent of the UK tech workforce, compared with 49 per cent in all other jobs. There is some good news, however, as ethnic diversity in digital jobs is above the UK 10 per cent average at 15 per cent. But employment in technology also highlights other regional imbalances. The study reveals that 51 per cent of digital workers in the capital are under the age 35 while, on average, 72 per cent are older.

> **Many of the companies we speak to don't view diversity as a priority; it is as simple as that**

"Many of the companies we speak to don't view diversity as a priority; it is as simple as that," says Ashleigh Ainsley, co-founder of the London-based Colorintech.org, which tries to improve access and opportunities for BAME (black, Asian and minority ethnic) technology employees. "What they do is effectively hire quick and diversity is not the rationale they chose to compete on."

Research from Colorintech.org found that racial diversity in the boardrooms of the UK's top tech companies lags behind the US. In a survey of 152 board positions in 16 of the UK's top technology companies, only four places were filled by an ethnic minority person.

Mr Ainsley says while government could do more to encourage and incentivise minority groups to take up science and engineering subjects at an earlier age, financial backers of startups could be more explicit in setting diversity goals.

"A lot of the larger US companies have chief diversity officers as a role. They don't seem to exist in the same way in the UK," he says. "At the very early part of the pipeline, the government needs to be doing more to help people to learn how to code. I would also like more equitable and responsible funding with venture capitalists encouraging the boards of technology companies to aim for a good mix of staff."

Mark Martin, co-founder of UK Black Tech, concludes: "Lots of tech companies want to be moving things in diversity; it can add value to their services. But unless diversity hits the bottom line on profits, it is not going to be taken seriously. We would like to see some metrics being applied to hiring in senior roles. Ultimately, it will be initiatives like highlighting the ethnic pay gap that push companies towards changing the status quo." ◆

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Commercial feature

Employee engagement is the new currency in HR

Employee surveys and people analytics provide the meaningful feedback organisations need to improve staff engagement

From the United States to the UK, Germany to Japan, many economies are now buoyed by record-high numbers of people in work. With those unemployed bobbing at around 4 per cent of the UK population, you have to go as far back as 1975 to witness this. The US is posting similar rates, so are some other G20 economies. Talent is a scarce commodity with businesses competing for workers.

"Staff retention has never been more crucial and employee engagement is essential for retention of top talent, as well as the success of a whole organisation," says Sarah Johnson, vice president of enterprise surveys and analytics at Perceptyx. "Companies must do more than measure engagement; they need to create an engaging work environment. It is a new business imperative for all levels of management."

With record low unemployment, workers have more choice in where they work. They don't have to tolerate poor working conditions. They want more meaningful jobs and increasingly require a flexible, employee-centric work environment.

This is something companies are starting to develop, learn about and calibrate. Employee wellbeing is on the minds of many managers. Yet there's no doubt that building a highly engaged workforce is tough. Feedback is essential and knowing what and how your staff really think is important.

"At this point in the global economic cycle, listening to employees is critical. But it can't stop at just listening. Companies need to take action based on employee feedback," says Dr Johnson, whose company provides the employee survey and people analytics platform to the likes of Microsoft, Standard Chartered Bank, 21st Century Fox, Hitachi Global, Nike, and P&G.

"Organisations have struggled to quantify the real value of human resources until fairly recently. Now we have better analytics that show how employees' work experiences impact the bottom line. We can make good data-based decisions about people. We no longer have to go with our gut. Analytics tools are now in the hands of many HR users, allowing us to provide real insight for business decision-makers."

Long gone are the days of cumbersome paper surveys. Companies can now get real-time results from user-friendly polls conducted on any device, at any time. Interactive and customised, employees can be deeply engaged with the survey process. It also provides companies with much more useful and meaningful results. Advances in survey technology have enabled corporations to spark change.

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"Right now, we are talking about the democratisation of insights. You used to need seasoned professionals and academics to interpret the data. Today, any human resources professional can analyse and understand the relationship between survey results, human resource management system data and business metrics with the right tools," says Dr Johnson, adding that her company has surveyed millions of employees in more than 80 languages and 90 countries worldwide.

"Even employees are being sent survey data reports, bypassing managers. All this enhances the opportunity for organisations to evolve. Everyone can take action with the data."

Facilitating organisational change through the strategic use of employee surveys is no easy task, especially across widely distributed companies that have unique cultures and branding, as well as complex hierarchies in multiple countries. It's why Perceptyx has invested heavily in both technology and consulting, in a bid to facilitate real transformations within corporations.

"You cannot solve human resource and engagement issues with off-the-shelf solutions. One size never fits all. It's about collaborating with companies and aligning surveys with strategic objectives. We work with clients to design their surveys end to end. We also append other types of data, including business performance metrics, and sales and customer satisfaction scores, and analyse qualitative information via sentiment analysis and word clouds," says Dr Johnson, whose firm has now opened offices in London and Amsterdam following San Diego and Lincoln, Nebraska in the US.

"People ask me what is the best time to do an engagement survey. I say it's when things need to change and when leaders need honest feedback. Staff often shy away from telling the CEO and managers the ugly truth. That's when there is value in working with a third party to give an independent assessment on the current situation."

One company Perceptyx worked with had an issue with employee stress and wanted to find the root cause. Through careful survey analysis, it was determined that senior leadership was a large part of the problem. Bosses would create inadequate work streams or command staff to work on projects without notice.

"Engagement scores mean nothing in isolation. The value of the survey is to think about HR and the organisation holistically, as well as what workplace elements are engaging or disengaging for employees," says Dr Johnson. "Understanding the 'why' of engagement is essential. Why is a corporation the way it is and what can we do to change the working environment?

"The ability to identify and contrast the perspectives of engaged and disengaged groups sets Perceptyx apart. We always look at the engagement equation. We are also able to scale up surveys from 200 to more than 400,000 employees in any number of locations. For the last 15 years, we've helped hundreds of the world's largest and most complex organisations to listen to their workers." Perceptyx is the people analytics and global survey provider to more than 20 per cent of Fortune 100 companies.

There are new frontiers for the employee survey process. Companies such as Perceptyx now leverage machine-learning and artificial neural networks to highlight issues within companies. These new tools enable HR managers to mine large, complex datasets quickly and identify risks at any level within a corporation. Employee surveys have certainly come a long way.

Sarah Johnson
Vice president, enterprise surveys and analytics, Perceptyx

For more information please visit www.perceptyx.com

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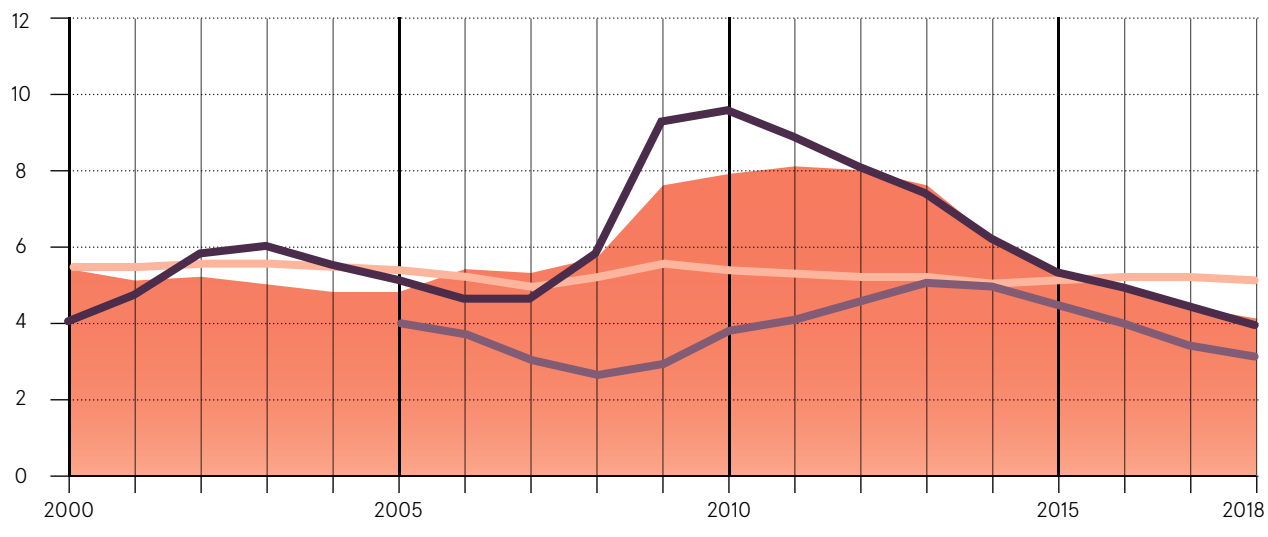
Unemployment rates 2000–2018 (%)



Office for National Statistics/US Bureau of Labor Statistics/Eurostat/International Labour Organization

EMPLOYEE OWNERSHIP

Owning the company boosts engagement

Companies owned by their employees may have important lessons for human resources leaders to lear

OLIVER BALCH

Childbase

Childbase, which shifted ownership fully to its employees last year, says retention is better than others in the sector

At a glance, the 41 children's nurseries run by Childbase Partnership look much like any others: pictures on the walls, toys in the corners, play mats on the floor.

Yet, the Buckinghamshire-based firm consistently wins above-average ratings from its inspectors and has new parents continually queueing at its doors. So what's its secret?

Two words, says Childbase chairman Mike Thompson: employee ownership. Fifteen years ago, the family-owned firm began offering employees share options, before shifting ownership fully into workers' hands in May 2017.

As a consequence, the company's workforce is ready to go the extra mile. Mr Thompson says: "Our retention and achievement levels are better than others in the sector; the results are there, it works."

Childbase is not alone. Research by the Employee Ownership Foundation, a US trade body, finds that more than three in four (77 per cent) of its members report higher-than-average employee productivity.

Given the human capital benefits reported by employee-owned business, does this emerging sector hold out lessons for mainstream business?

For Loren Rodgers, chief executive at the US-based National Center for Employee Ownership, the core learning from the sector relates to the idea of employee agency.

"As an employee-owner, you have a far greater sense of impacting your own future as well as that of your colleagues, which is hugely rewarding," he says.

A critical technique for inculcating this feeling of employee agency is open-book management. By seeing what money is coming in and what is going out, every worker has a clear idea of the company's overall direction.

The same approach can be applied to decision-making, says Mr Rodgers. He cites Springfield Manufacturing, a South Carolina employee-owned firm, that holds weekly "huddles" for sections of its workforce.

"People across a business unit say how they are doing, and then others can adjust their plans and collectively focus on the painpoints coming up," he says.

Union Industries, a manufacturer of industrial doors, also attests to the value of an open-book approach. Senior management at the Leeds-based company regularly debrief the firm's 70 or so employee-owners on the current financials and future investment strategy.

The information helps guide decision-making at every layer of the workforce, says managing director Andrew Lane. Because people now know how much raw materials cost or what the energy bill is, for example, they find creative ways of making efficiencies.

"What you then have is a whole business-worth of people who are doing your 'workings out' for you. The issue isn't then how to generate ideas, but how to deal with all the ideas that you get," says Mr Lane.

The principle of employee involvement can be applied across all aspects of human resources management. Take recruitment. If those on the shop floor are going to have to work alongside a new hire, it makes sense that someone from the shop floor join the interview process.

The same goes for the top of the hierarchy. At Childbase, for instance, directors are voted on to the board for a maximum three-year period. After that, the company's employee-owners get to decide whether to re-elect them or not.

For Mr Lane, providing employees with opportunities to make their voice heard not only creates a more transparent and participative organisation, but also a fairer one.

He gives the example of employee dividends. At Union Industries, everyone gets an equal share of any disbursement of profits. To ensure no one pockets more than others, the firm caps the total number of shares any one individual can buy.

> The principle of employee involvement can be applied across all aspects of human resources management

"The reason that our bonuses are all the same is that we all get paid to do our jobs and we share collectively in the success. It means when we say 'we're in it together', we mean it because we really are in it together," says Mr Lane.

It is important to note that the concept of parity, which is central to the employee-ownership model, does not necessarily extend to all forms of remuneration. Salaries are still typically tied to an individuals' expertise and responsibilities, as in any conventional business.

Yet the culture of transparency in employee-owned firms, coupled with the sense of collective solidarity, acts to keep salary differentials in check.

Empirical research on remuneration in the employee-owned sector remains hazy, Mr Rodgers concedes. Yet he is confident that the pay gaps in employee-owned firms are "less out of control" than in the market at large.

Of course, not all employee-owned firms are well managed, it should be said. Many conventional firms have working practices that their employee-owned peers could learn from.

But a key difference with employee-owned firms is whatever good practices there are, they are there to stay. In conventionally owned companies, by contrast, it just takes a change of management or a business buyout for the whole workplace culture to change.

Ewan Hall, director at Baxendale, a specialist consultancy advising employee-owned businesses, refers to this engrained approach to human resources management as the sector's hidden "spine".

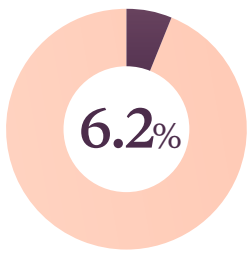
"Having the employee-ownership aspects makes it [good HR practice] much more real. This is not a game we're playing and next year we'll take your toys away," he says.

Perhaps most importantly of all, employees with a vested interest in how their companies are run are more likely to trust management when they introduce human resources innovations.

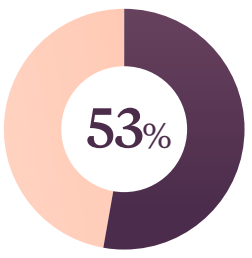
As Mr Hall points out: "Employees are less suspicious that this is some management wheeze perpetrated by a group of owners who are just trying to earn more sweat at their expense."

Employee ownership may not be for every company. But that should not stop human resources professionals learning from the insights it has to share. ◆

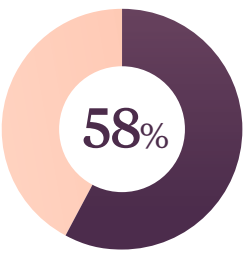
Employees' ownership benefits



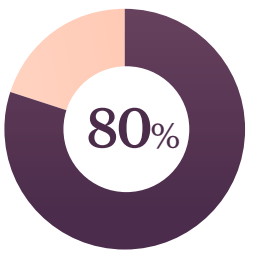
productivity growth across the 50 largest employee-owned businesses (EOBs) in the UK in 2017, compared with the national average of 3.4 per cent



of workers in EOBs think it would be better for the UK economy if there were more EOBs



think EOBs are more trustworthy than other businesses



are happy to recommend their organisation as a place to work

Employee Ownership Association/Edelman 2017

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